



Allen Anderson, Head Coach & CEO

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**RECEIVED**

March 15, 2006

MAR 16 2006

PUBLIC SERVICE  
COMMISSION

Ms. Beth A. O'Donnell  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Post Office Box 615  
Frankfort, Kentucky 40602-0615

RE: Case No. 2005-00450 – Application of South Kentucky Rural Electric Cooperative, Inc. for an increase in retail electric rates

Dear Ms. O'Donnell:

Attached you will find an original and eleven (11) copies of South Kentucky Rural Electric Cooperative, Inc. application for an increase in its retail electric rates.

A copy of this letter and filing is being sent to the Office of Rate Intervention of the Office of the Attorney General.

Sincerely,

SOUTH KENTUCKY RECC

A handwritten signature in cursive script that reads 'Allen Anderson'.

Allen Anderson  
Chief Executive Officer

C: Office of Rate Intervention  
Office of the Attorney General  
1024 Capital Center Drive  
Suite 200  
Frankfort, Kentucky 40601

COMMONWEALTH OF KENTUCKY BEFORE  
THE PUBLIC SERVICE COMMISSION

**RECEIVED**

MAR 16 2006

PUBLIC SERVICE  
COMMISSION

**CASE NO. 2005 - 00450**

ADJUSTMENT OF RATES OF  
SOUTH KENTUCKY RURAL ELECTRIC  
COOPERATIVE CORPORATION

SOUTH KENTUCKY RURAL ELECTRIC  
COOPERATIVE CORPORATION  
SOMERSET, KENTUCKY  
March 13, 2006

**ORIGINAL**  
PUBLIC SERVICE COMMISSION

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

MAR 16 2006

PUBLIC SERVICE  
COMMISSION

In the matter of:

ADJUSTMENT OF RATES OF  
SOUTH KENTUCKY RURAL ELECTRIC  
COOPERATIVE CORPORATION

CASE NO. 2005-00450

APPLICATION

Comes South Kentucky Rural Electric Cooperative Corporation (hereafter referred to as "South Kentucky Rural Electric" for an Application to change its retail electric power tariffs, states as follows:

1. South Kentucky Rural Electric is filing this Application for the purpose of requesting permission from the Commission to increase its basic rates effective April 15, 2006, in such amounts as are set forth herein for all electricity sold. The rates and revenue applied for are considered necessary as minimum amounts by South Kentucky Rural Electric's management and Board of Directors for South Kentucky Rural Electric to maintain its financial integrity and sound operations.
2. The full name of South Kentucky Rural Electric is "South Kentucky Rural Electric Cooperative Corporation", and its address is 925 North Main Street, Somerset, Kentucky 42503, (807 KAR 5:001, Section 8(1)).
3. The Articles of Incorporation and all amendments thereto for South Kentucky Rural Electric were filed with the Commission in PSC Case No. 95-383, Adjustment of Rates of South Kentucky Rural Electric Cooperative Corporation (807 KAR 5:001, Section 8(3)).
4. This Application is supported by a 12 month historical test period ending August 31 2005, and includes adjustments for known and measurable changes (807 KAR 5:001, Section 10(1)).
5. South Kentucky Rural Electric's annual reports, including the annual report for the most recent calendar year, are on file with the Commission in accordance with 807 KAR 5:006, Section 3(1). (807 KAR 5:001, Section 10(1)(a)2.)
6. South Kentucky Rural Electric is not a limited partnership. (807 KAR 5:001, Section 10(1)(a)4.)
7. South Kentucky Rural Electric has filed with this Application a Certificate of Good Standing dated within 60 days of the date of this Application. This is filed as South Kentucky Rural Electric's Exhibit A. (807 KAR 5:001, Section 10(1)(a)6.)

8. South Kentucky Rural Electric does not conduct business under an assumed name and thus no Certificate of Assumed Name is needed for this Application. (807 KAR 5:001, Section 10(1)(a)6.)
9. South Kentucky Rural Electric has attached the proposed tariff as Exhibit B. (807 KAR 5:001, Section 10(1)(a)7.)
10. South Kentucky Rural Electric has attached the present and proposed tariffs in comparative form shown as Exhibit C. (807 KAR 5:001, Section 10(1)(a)8.)
11. South Kentucky Rural Electric states that its members have been given notice of the filing of this Application in compliance with 807 KAR 5:001, Section 3-10(3)-(4). A copy is attached Exhibit D. (807 KAR 5:001, Section 10(1)(a)9.)as
12. South Kentucky Rural Electric states that it provided written notice of its intent to file this rate case (Exhibit E) at least four (4) weeks prior to filing this Application, and that the Notice of Intent stated that the Application would be supported by a historical test period, which is August 31, 2005. (807 KAR 5:001, Section 10(2)). South Kentucky Rural Electric's reasons for filing this Application to increase its rates and charges pursuant to the requirements of 807 KAR 5:001, Section 10(1)(s)1, are as follows:
  - a. South Kentucky Rural Electric's last general rate increase was a Settlement Agreement with this Commission dated August 21, 1989, in Case No. 89-040. Since that time South Kentucky Rural Electric has continued to incur, in addition to specific increases and decreases in the cost of power which has been passed on to its customers, other customary increases in the costs of materials, equipment, taxes, labor, debt service and other fixed and occasional costs. In addition, South Kentucky Rural Electric has needed to borrow moneys to finance its construction projects.
  - b. South Kentucky Rural Electric finds that its financial operations have deteriorated substantially over the past few years. Net margins, excluding East Kentucky Power Cooperative's capital credit allocation and extraordinary items, have decreased from \$2,126,278 in 2001 to a loss of (\$652,242) for the test year of August 31, 2005.
  - c. For the test year ended August 31, 2005, South Kentucky Rural Electric attained a Times Interest Earned Ratio (TIER) of 0.83. For the calendar year of 2004, the TIER was 1.34. Under terms of its joint mortgage agreement, South Kentucky Rural Electric is required to maintain an operating TIER ratio of 1.25, based on an average of two of the three most current years. Unless South Kentucky Rural Electric is granted the relief it seeks, it stands to be in jeopardy on this requirement. Further, it is necessary that it maintains in excess of this bare minimum in order to continue its financial integrity.

- d. South Kentucky Rural Electric's Board of Directors, at a regular meeting held on March 9, 2006, reviewed the Cooperative's current financial situation and the results of its operations for the eight (8) months ended and twelve months ended August 31, 2005. After a thorough discussion of the situation, the Board voted unanimously to request that the Commission approve increases in retail rates in such amounts as would not exceed \$5,900,000 in additional annual revenues. A resolution adopted by the Board of Directors at the meeting is included herein as Exhibit F. This Application is for an increase of \$5,863,053.
- e. South Kentucky Rural Electric also proposes to eliminate the provisions of its Settlement Agreement whereby South Kentucky Rural Electric agreed to refund to its members the capital credits earned in excess of a modified 2.0 Times Interest Earned Ratio (TIER) for each calendar year. South Kentucky Rural Electric is of the opinion that after several years of declining margins that have been below a TIER of 2.0, that margins of future years are necessary to help restore South Kentucky Rural Electric's financial stability.

With the present Settlement Agreement, South Kentucky Rural Electric can not use the future years' margins to restore its financial stability, but instead would be obligated to pay margins in excess of a TIER of 2.0 as capital credits.

South Kentucky Rural Electric has paid capital credits to its members, and has commenced to refund to estates in addition to general refunds. It is the intent to continue to refund capital credits, however, South Kentucky Rural Electric does not desire to be obligated by a Settlement Agreement that was agreed to in 1989.

- 13. South Kentucky Rural Electric has included a complete description and quantified explanation for all proposed adjustments with proper support for any changes in price, no changes are proposed for activity levels, for its members with the Revenue Analysis shown as Exhibit G. (807 KAR 5:001, Section 10(6)(a).)
- 14. South Kentucky Rural Electric has included prepared testimony of each witness the utility proposes to use to support its Application. These testimonies are attached as Exhibits H-1, H-2, and H-3. (807 KAR 5:001, Section 10(6)(b).)
- 15. South Kentucky Rural Electric has included a statement showing the effect the new rates will have upon the revenues of South Kentucky Rural Electric including, the total amount of revenues resulting from the increase and the percentage of the increase as shown in Exhibit G. (807 KAR 5:001, Section 10(6)(d).)
- 16. South Kentucky Rural Electric has included a schedule showing the effect upon the average bill for each customer classification to which the proposed increase will apply as Exhibit I. (807 KAR 5:001, Section 10(6)(e).)

17. South Kentucky Rural Electric has included an analysis of customer's bills in such detail that revenues from present and proposed rates can be readily determined for each rate class as the Billing Summary and is attached as Exhibit J. (807 KAR 5:001, Section 10(6)(g).)
18. South Kentucky Rural Electric has attached a schedule displaying its determination of its revenue requirements based on return on net investment rate base, return on capitalization, interest coverage, debt service coverage or operating ratio, with supporting schedules as Exhibit K. (807 KAR 5:001, Section 10(6)(h).)
19. South Kentucky Rural Electric has attached a reconciliation of its rate base and capital used to determine its revenue requirements as Exhibit L. (807 KAR 5:001, Section 10(6)(i).)
20. South Kentucky Rural Electric has included a current chart of accounts as Exhibit M. (807 KAR 5:001, Section 10(6)(j).)
21. South Kentucky Rural Electric has included the independent auditor's annual report as Exhibit N. (807 KAR 5:001, Section 10(6)(k).)
22. South Kentucky Rural Electric states that the Federal Rural Electric Regulatory Commission or Federal Communication Commission has not conducted any audits, and therefore, no reports are available. (807 KAR 5:001, Section 10(6)(l).)
23. South Kentucky Rural Electric has not had a depreciation study performed either with this application or at any time in the past. (807 KAR 5:001, Section 10(6)(n).)
24. South Kentucky Rural Electric has included a list of all commercially available or in-house developed computer software programs and models used in the development of this rate application as Exhibit O. (807 KAR 5:001, Section 10(6)(o).)
25. South Kentucky Rural Electric has made no stock or bond offerings. (807 KAR 5:001, Section 10(6)(p).)
26. South Kentucky Rural Electric has attached its annual report to members for 2005 and 2004 as Exhibit P. (807 KAR 5:001, Section 10(6)(q).)
27. South Kentucky Rural Electric has included its monthly managerial reports providing financial results of operations for the twelve (12) months in the test period as Exhibit Q. (807 KAR 5:001, Section 10(6)(r).)
28. South Kentucky Rural Electric requests a waiver of the requirement for filing Securities and Exchange Commission reports because South Kentucky Rural Electric is not regulated by the SEC. (807 KAR 5:001, Section 10(6)(s).)

29. South Kentucky Rural Electric has not had any amounts charged or allocated to it by an affiliate or general or home office or paid any moneys to an affiliate or general or home office during the test period or during the previous three (3) calendar years. (807 KAR 5:001, Section 10(6)(t).)
30. South Kentucky Rural Electric has included a cost of service study based on a methodology generally accepted within the electric industry and based on current and reliable data for the test period as Exhibit R. (807 KAR 5:001, Section 10(6)(u).)
31. South Kentucky Rural Electric states that the requirements of 807 KAR 5:001, Section 10(6)(f) and (v) are not applicable to South Kentucky Rural Electric since it is not a local exchange carrier.
32. South Kentucky Rural Electric has filed a detailed income statement and balance sheet reflecting the impact of all proposed adjustments for the historical test period as Exhibit S. (807 KAR 5:001, Section 10(7)(a).)
33. South Kentucky Rural Electric has filed in Case No. 2003-00499 its most recent capital construction budget. This case is styled as "Application of South Kentucky Rural Electric Cooperative for a Certificate of Convenience and Necessity to Construct Additional Lines and Facilities." (807 KAR 5:001, Section 10(7)(b).)
34. South Kentucky Rural Electric states that the requirements of 807 KAR 10(7)(c) for proposed pro forma plant additions, are not applicable to South Kentucky Rural Electric.
36. In addition to the financial Exhibits required by 807 KAR 5:001, Section 10, financial information covering a twelve month historical test period ending August 31, 2005, other information required to be filed is as follows:

Exhibit T	Capitalization policies and Schedule of employee benefits
Exhibit U	Equity Management Plan
Exhibit V	Detailed comparative income statement, statement of cash flows and balance sheet.
Exhibit W	Schedule Showing Monthly Comparison of Balance Sheet Accounts from Test Year to Preceding Year
Exhibit X	Schedule Showing Monthly Comparison of Income Statement Accounts from Test Year to Preceding Year
Exhibit Y	Trial balance at end of test year

Exhibit Z	Capital Structure
Exhibit 1	Adjustment for salaries and wages
Exhibit 2	Adjustment for payroll taxes
Exhibit 3	Adjustment for depreciation
Exhibit 4	Adjustment for property taxes
Exhibit 5	Adjustment for long term and short term interest
Exhibit 6	Adjustment for postretirement benefits
Exhibit 7	Adjustment for retirement costs
Exhibit 8	Adjustment for donations
Exhibit 9	Adjustment for professional fees
Exhibit 10	Adjustment for Director expenses
Exhibit 11	Adjustment for miscellaneous expenses
Exhibit 12	Adjustment for rate case expenses
Exhibit 13	Adjustment for purchase power
Exhibit 14	Adjustment for normalized revenue
Exhibit 15	Adjustment for additional revenues
Exhibit 16	RUS Borrower's Statistical Profile
Exhibit 17	CFC Key Ratio Trend Analysis
Exhibit 18	KAEC Statistical Comparison

WHEREFORE, South Kentucky Rural Electric requests that the Public Service Commission approve the increase as expeditiously as possible and issue an order authorizing South Kentucky Rural Electric to make effective those rates.

Dated at Somerset, Kentucky this 13<sup>th</sup> day of March 2006.

Respectfully submitted,

South Kentucky Rural Electric Cooperative Corporation

Allen Anderson  
ALLEN ANDERSON, CEO

COUNSEL:

Darrell L. Saunders  
Attorney at Law  
P.O. Box 1324  
Corbin, Kentucky 40702

Darrell L. Saunders  
Darrell L. Saunders  
Attorney for South Kentucky Rural Electric  
Cooperative Corporation

I, Allen Anderson, CEO of South Kentucky Rural Electric Cooperative Corporation, declare that the statements contained in the foregoing Application are true to the best of my information and belief.

Allen Anderson  
ALLEN ANDERSON, CEO  
South Kentucky Rural Electric Cooperative Corporation

Subscribed and sworn to before me by Allen Anderson, this 13<sup>th</sup> day of March, 2006.

Cornelia J. Watson  
NOTARY PUBLIC, State at Large

My Commission Expires: April 22, 2006.

# Commonwealth of Kentucky

**Trey Grayson**  
**Secretary of State**

## Certificate of Existence

I, Trey Grayson, Secretary of State of the Commonwealth of Kentucky, do hereby certify that according to the records of the Office of the Secretary of State,

### SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE CORPORATION

is a nonprofit corporation duly incorporated and existing under KRS Chapter 273, whose date of incorporation is October 13, 1938 and whose period of duration is perpetual.

I further certify that all fees and penalties owed to the Secretary of state have been paid; that articles of dissolution have not been filed; and that the most recent annual report required by KRS 273.3671 has been delivered to the Secretary of State.

IN WITNESS THEREOF, I have hereunto set my hand and affixed my Official Seal at Frankfort, Kentucky, this 13th day of February, 2006.

Certificate Number: 26860

Jurisdiction: Certificate of Good Standing

Visit <http://apps.sos.ky.gov/business/obdb/certvalidate.aspx> to validate the authenticity of this certificate.



*Trey Grayson*

Trey Grayson  
Secretary of State  
Commonwealth of Kentucky  
26860/0047666

EXHIBIT B

South Kentucky RECC  
Proposed Tariffs

SOUTH KENTUCKY R.E.C.C.  
SOMERSET, KENTUCKY 42501

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CLASSIFICATION OF SERVICE

RESIDENTIAL, FARM AND NON-FARM SERVICE SCHEDULE A

---

APPLICABLE: In all territory served by the seller.

AVAILABILITY: Available to consumers of the Cooperative for all uses in the home and on the farm and for other consumers using single-phase service including schools, churches, and community buildings all subject to the established rules and regulations of the seller. The capacity of individual motors served under this schedule may not exceed 10 horsepower.

TYPE OF SERVICE: Single-phase 60 cycle at available secondary voltage.

RATES PER MONTH:

Consumer Charge - No KWH Usage.....	\$8.00	(I)
Energy Charge:		
All KWH per month @.....	\$.06461	(I)

FUEL ADJUSTMENT CLAUSE: As shown in APPENDIX B following these tariffs.

MINIMUM CHARGE: The minimum monthly charge shall be the "Consumer Charge - No KWH Usage" as stated in Rates per month above.

(Continued - Next Page)

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DATE OF ISSUE: MARCH 16, 2006

DATE EFFECTIVE: APRIL 17, 2006

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ISSUED BY: \_\_\_\_\_ GENERAL MANAGER & C.E.O. SOUTH KENTUCKY R.E.C.C.

Issued by authority of an order of the Public Service Commission of Kentucky in Case No. \_\_\_\_\_ dated \_\_\_\_\_.

Form for Filing Rate Schedules

FOR: ENTIRE TERRITORY SERVED  
P.S.C. KY NO. 7  
9th REVISED SHEET NO. T-2  
CANCELLING P.S.C.KY NO.7  
8th REVISED SHEET NO. T-2

SOUTH KENTUCKY R.E.C.C.  
SOMERSET, KENTUCKY 42501

---

CLASSIFICATION OF SERVICE  
RESIDENTIAL, FARM AND NON-FARM SERVICE SCHEDULE A

---

MARKETING RATE: A special marketing rate equal to 60% of the last step rate stated is available for specific marketing program as approved by South Kentucky's Board of Directors. The marketing rate requires separate metering and an executed contract between the Member and the Cooperative. A sample contract is shown following these tariffs as APPENDIX D. This marketing rate is for energy purchased from the wholesale power supplier under their marketing rate and is for the below listed off-peak hours:

<u>-MONTHS-</u>	<u>OFF-PEAK HOURS - EST</u>
October through April	12:00 Noon to 5:00 p.m. 10:00 p.m. to 7:00 a.m.
May through September	10:00 p.m. to 10:00 a.m.

MARKETING RATE PER MONTH:

ETS USAGE, all KWH per month @..... \$0.03877 (I)

TERMS OF PAYMENT: The rates stated are net. If payment is not made by the due date, the current month charges shall be increased by 5%.

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DATE OF ISSUE: MARCH 16,2006

DATE EFFECTIVE: APRIL 17, 2006

---

ISSUED BY: \_\_\_\_\_ GENERAL MANAGER & C.E.O. SOUTH KENTUCKY R.E.C.C.

Issued by authority of an order of the Public Service Commission of Kentucky in Case No. \_\_\_\_\_ dated \_\_\_\_\_.

SOUTH KENTUCKY R.E.C.C.  
SOMERSET, KENTUCKY 42501

	CLASSIFICATION OF SERVICE	
SMALL COMMERCIAL RATE		SCHEDULE B

APPLICABLE: In all territory served by the seller.

AVAILABILITY: Available for commercial, small power and three-phase farm and/or residential service where available. (Also temporary services to construction jobs, fairs, carnivals, etc.). Includes lightning, heating and power subject to the established rules and regulations of the seller. Service under this schedule shall be limited to 50 KVA installed transformer capacity.

TYPE OF SERVICE: Single-phase and three-phase, 60 cycle at available secondary voltage. Motors having a rated capacity in excess of 10 horsepower must be three-phase. Where residential and commercial usage are metered as a single meter, all usage shall be billed under this schedule.

RATES PER MONTH:

Consumer Charge - No KWH Usage.....	\$15.00	(I)
Energy Charge:		
All KWH per month @.....	\$0.07492	(I)

FUEL ADJUSTMENT CLAUSE: As shown in APPENDIX B following these tariffs.

MINIMUM CHARGE:

- (a) Single Phase Service shall be the "Consumer Charge - No KWH Usage" as stated in the rates per month.
- (b) Three Phase Service shall be determined by applying \$0.80 per KVA of transformer capacity installed. The Seller may, if it so desires, install transformer(s) of capacity larger than required but in such case the consumers minimum bill shall be based on the standard transformer size which would have been adequate for consumer's load.

(Continued - Next Page)

DATE OF ISSUE: MARCH 16, 2006

DATE EFFECTIVE: APRIL 17, 2006

ISSUED BY: \_\_\_\_\_ GENERAL MANAGER & C.E.O. SOUTH KENTUCKY R.E.C.C.

Issued by authority of an order of the Public Service Commission of Kentucky in Case No. \_\_\_\_\_ dated \_\_\_\_\_.

Form for Filing Rate Schedules

FOR: ENTIRE TERRITORY SERVED  
P.S.C. KY NO. 7  
9th REVISED SHEET NO. T-4  
CANCELLING P.S.C. KY NO.7  
8TH REVISED SHEET NO.T-4

SOUTH KENTUCKY R.E.C.C.  
SOMERSET, KENTUCKY 42501

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	CLASSIFICATION OF SERVICE		SCHEDULE B
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MARKETING RATE: A special marketing rate equal to 60% of the last step rate stated is available for specific marketing programs as approved by South Kentucky's Board of Directors. The marketing rate requires separate metering and an executed contract between the Member and the Cooperative. A sample contract is shown following these tariffs as APPENDIX D. This marketing rate is for energy purchased from the wholesale power supplier under their marketing rate and is for the below listed off-peak hours:

<u>-MONTHS-</u>	<u>OFF PEAK HOURS - EST</u>
October through April	12:00 Noon to 5:00 p.m. 10:00 p.m. to 7:00 a.m.
May through September	10:00 p.m. to 10:00 a.m.

MARKETING RATE PER MONTH:

ETS USAGE, all KWH per Month @..... \$0.04495 (I)

TERMS OF PAYMENT: The rates stated are net. If payment is not made by the due date, the current month charges shall be increased by 5%.

DATE OF ISSUE: MARCH 16, 2006

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ISSUED BY: \_\_\_\_\_ GENERAL MANAGER & C.E.O. SOUTH KENTUCKY R.E.C.C.

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SOUTH KENTUCKY R.E.C.C.  
SOMERSET, KENTUCKY 42501

CLASSIFICATION OF SERVICE

LARGE POWER RATE

SCHEDULE LP

APPLICABLE: In all territory served by the Seller.

AVAILABILITY: Available to all commercial and industrial consumers who require excess of 50 KVA transformer capacity for lighting and/or heating and/or power. Consumers served under this schedule may request service under the OPS SCHEDULE if they so desire provided the request is made in advance and not more than once every 12 months and provided KVA requirement is not in excess of 300 KVA.

TYPE OF SERVICE: The electric service furnished under this schedule will be of 60 cycle, alternating current and at available standard voltage, single or three phase at Seller's option.

RATES PER MONTH:

Consumer Charge - No KWH Usage .....	\$30.00	(I)
Demand Charge:		
Billing Demand per KW per Month .....	\$ 6.00	
Energy Charge:		
All KWH per Month @.....	\$0.04156	

FUEL ADJUSTMENT CLAUSE: As shown in APPENDIX B following these tariffs.

DETERMINATION OF BILLING DEMAND: The billing demand shall be the maximum kilowatt demand established by the consumer for any period of fifteen consecutive minutes during the month for which the bill is rendered, as indicated or recorded by a demand meter.

POWER FACTOR ADJUSTMENT: The consumer agrees to maintain unity power factor as nearly as practicable at each delivery point at the time of the monthly maximum demand. When the power factor is determined to be less than 90%, the monthly maximum demand at the delivery point will be adjusted by multiplying the actual monthly maximum demand by 90%, and divided this product by the actual power factor at the time of the monthly maximum demand.

(Continued - Next Page)

DATE OF ISSUE: MARCH 16, 2006

DATE EFFECTIVE: APRIL 17, 2006

ISSUED BY: \_\_\_\_\_ GENERAL MANAGER & C.E.O.

Issued by authority of an order of the Public Service Commission of Kentucky in Case No. \_\_\_\_\_ dated \_\_\_\_\_

SOUTH KENTUCKY R.E.C.C.  
SOMERSET, KENTUCKY 42501

\* CLASSIFICATION OF SERVICE \*

LARGE POWER RATE 3 (500 KW TO 2,999 KW)

SCHEDULE LP - 3

APPLICABLE: Entire Service Area - Applicable to contracts with contract demands of 500 to 2,999 KW with a monthly energy usage equal to or greater than 400 hours per KW of contract demand.

TYPE OF SERVICE: Three phase 60 hertz at voltages as agreed to in the special Contract for Service.

RATES PER MONTH:

Consumer Charge:

The consumer charge is equal to the metering charge plus the substation charge:

1. Metering Charge \$ 125.00

2. Substation Charge Based on Contract kW

a. 500 - 999 kW \$ 315.00

b. 1,000 - 2,999 kW \$ 944.00

If retail consumer has provided for the investment in the substation facilities from which it is served, the substation charge does not apply and the only applicable rate is the metering charge.

Demand Charge per KW

Contract demand..... \$5.39

Excess demand..... \$7.82

Energy charge per kWh @..... \$0.03459 (I)

DETERMINATION OF BILLING DEMAND: The billing demand (kilowatt demand) shall be the greater of (a) or (b) listed below:

- (a) The contract demand
- (b) The ultimate consumer's highest demand during the current month coincident with wholesale power suppliers system peak demand. The consumer's peak demand is the highest average rate at which energy is used during any fifteen-minute interval in the below listed hours for each month (and adjusted for power factor as provided herein).

-Months-

Hours Applicable For Demand Billing - E.S.T.

October through April

7:00 A.M. to 12:00 Noon

5:00 P.M. to 10:00 P.M.

May through September

10:00 A.M. to 10:00 P.M.

DATE OF ISSUE: MARCH 16, 2006

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ISSUED BY: \_\_\_\_\_ GENERAL MANAGER & C.E.O. SOUTH KENTUCKY R.E.C.C.

Issued by authority of an order of the Public Service Commission of Kentucky in Case No. \_\_\_\_\_ dated \_\_\_\_\_

SOUTH KENTUCKY R.E.C.C.  
SOMERSET, KENTUCKY 42501

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	CLASSIFICATION OF SERVICE	
OPTIONAL POWER SERVICE		SCHEDULE OPS

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APPLICABLE: In all territory served by the Seller.

AVAILABILITY: Available to all commercial and industrial consumers who require excess of 50 KVA but limited to no more than 300 KVA transformer capacity for lighting and/or heating and/or power. Consumers served under this schedule may request service under the LP SCHEDULE if they so desire provided the request is made in advance and not more often than once every 12 months.

TYPE OF SERVICE: The electric service furnished under this schedule will be of 60 cycle, alternating current and at available standard voltage, single or three phase at Seller's option.

RATES PER MONTH:

Consumer Charge - No KWH Usage .....	\$30.00	(I)
Energy Charge:		
All KWH per Month @ .....	\$0.07699	(I)

FUEL ADJUSTMENT CLAUSE: As shown in APPENDIX B following these tariffs.

MINIMUM CHARGE: The minimum monthly charge shall be the highest of the following charges:

- (a) The Consumer Charge - No KWH Usage as stated in Rates Per Month or
- (b) The minimum monthly charge as specified in the contract for service, or

DATE OF ISSUE: MARCH 16, 2006

DATE EFFECTIVE: APRIL 17, 2006

ISSUED BY: \_\_\_\_\_ GENERAL MANAGER & C.E.O. SOUTH KENTUCKY R.E.C.C.

Issued by authority of an order of the Public Service Commission of Kentucky in Case No. \_\_\_\_\_ dated \_\_\_\_\_

SOUTH KENTUCKY R.E.C.C.  
 SOMERSET, KENTUCKY 42503

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CLASSIFICATION OF SERVICE

OUTDOOR LIGHTING SERVICE-SECURITY LIGHTS SCHEDULE OL

---

APPLICABLE: In all territory served by the Seller.

AVAILABILITY: Available to all consumers of the Cooperative for dusk to dawn lighting in close proximity to the existing overhead secondary circuits.

TYPE OF SERVICE: Rental of automatic dusk to dawn outdoor lighting fixture of a standard size and type as stated in the rate.

RATES PER LIGHT PER MONTH:

	(R)		
	<u>Unmetered</u>	<u>Metered</u>	
Mercury Vapor or Sodium - 7,000 - 10,000 Lumens	\$8.29	\$6.48	(I)
(M.V. @74 KWH per Mo.-S. @45 KWH per Mo.)			
Directional Flood Light, with bracket			
250 Watt Sodium @ 106 KWH per Mo.	\$13.15	\$8.23	(I)
250 Watt Metal Halide @ 106 KWH per Mo.	\$14.34	\$9.17	(I)
400 Watt Metal Halide @ 167 KWH per Mo.	\$17.54	\$9.17	(I)
1000 Watt Metal Halide @ 395 KWH per Mo.	\$30.09	\$10.23	(I)

FUEL ADJUSTMENT CLAUSE: As shown in APPENDIX B, following these tariffs.

CONDITIONS OF SERVICE:

1. The Cooperative shall furnish, install, operate and maintain security light(s) at a location mutually agreeable to both the Cooperative and the Consumer. The Cooperative will determine if the 7,000 - 10,000 Lumens is to be metered or unmetered.
  
2. The Cooperative shall install security lights only on existing service where an additional pole is not required. If Consumer requires additional line (not to exceed 150 feet from existing line) including pole to be constructed, there will be a charge of \$100.00 for installing the additional facilities.

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DATE OF ISSUE: MARCH 16, 2006

DATE EFFECTIVE: APRIL 17, 2006

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ISSUED BY \_\_\_\_\_ GENERAL MANAGER & C.E.O. SOUTH KENTUCKY R.E.C.C.

Issued by authority of an order of the Public Service Commission of Kentucky in Case No. \_\_\_\_\_ dated \_\_\_\_\_

SOUTH KENTUCKY R.E.C.C.  
SOMERSET, KENTUCKY 42501

CLASSIFICATION OF SERVICE		
STREET LIGHTING SERVICE		SCHEDULE STL

APPLICABLE: In all territory served by the Seller.

AVAILABILITY: Available to cities or townships for dusk to dawn lighting.

TYPE OF SERVICE: Rental of automatic dusk to dawn outdoor lighting fixtures compatible with single-phase, 60 cycle alternating current at 120 or 240 volts.

RATES PER LIGHT PER MONTH:

Mercury Vapor or Sodium - 7,000 - 10,000 Lumens .....	\$ 6.30	(I)
(M.V. @ 74 KWH Mo. - S. @ 63 KWH Mo.)		
Mercury Vapor or Sodium - 15,000 - 28,000 Lumens .....	\$ 9.95	(I)
(M.V. @ 162 KWH Mo. - S. @ 135 KWH Mo.)		

FUEL ADJUSTMENT CLAUSE: As shown in APPENDIX B, following these tariffs.

CONDITIONS OF SERVICE

1. Street lighting circuits including transformers, fixtures, lamps, additional guys or fittings will be furnished by the Cooperative.
2. The Cooperative shall install street lights on existing poles where secondary voltage is available, or if necessary, extend secondary voltage a maximum of 150 feet including one service pole at its own expense. The cost of line extensions beyond 150 feet, must be borne by the applicant.
3. All lamp replacement shall be made by the Cooperative. Lamp replacements may be charged to the applicant at cost as a separate item on the monthly bill for service.
4. Since the seller intends to eventually provide only sodium lighting fixtures, mercury vapor will be used only until present supply is exhausted. Mercury vapor presently in service will be maintained until such time as it is necessary to retire and replace with sodium.

TERMS OF PAYMENT: The rates stated are net. If payment is not made by the due date, the current month charges shall be increased by 5%.

DATE OF ISSUE: MARCH 16, 2006

DATE EFFECTIVE: APRIL 17, 2006

ISSUED BY: \_\_\_\_\_ GENERAL MANAGER & C.E.O. SOUTH KENTUCKY R.E.C.C.

Issued by authority of an order of the Public Service Commission of Kentucky in Case No. \_\_\_\_\_ dated \_\_\_\_\_.

SOUTH KENTUCKY R.E.C.C.  
 SOMERSET, KENTUCKY 42503

CLASSIFICATION OF SERVICE

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DECORATIVE STREET LIGHTING SCHEDULE DSTL

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APPLICABLE: In all territory served by the Seller

AVAILABILITY: To associations, industrial foundations and large industrial consumers.

TYPE OF SERVICE: Rental of automatic dusk to dawn outdoor lighting fixtures compatible with single phase, 60 cycle alternating current at 120 or 240 volts.

RATES PER LIGHT PER MONTH:

High Pressure Sodium Lamp	<u>Unmetered</u>	<u>Metered</u>	
Cobra Head Light Installed on existing Pole			
7,000-10,000 Lumens @ 39 Kwh Mo.	\$9.92	\$8.45	(I)
15,000-28,000 Lumens @ 100 Kwh Mo.	\$12.87	\$9.11	(I)
Cobra Head Light Installed on 30' Aluminum Pole & Arm			
7,000-10,000 Lumens @ 39 Kwh Mo.	\$16.12	\$14.64	(I)
15,000-28,000 Lumens @ 100 Kwh Mo.	\$18.40	\$14.64	(I)
Lexington Light Installed on 16' Aluminum Pole			
Sodium 7,000 - 10,000 Lumens @ 39 Kwh Mo.	\$10.53	\$ 9.05	(I)
Acorn Light Installed on 16' Fluted Pole			
Sodium 7,000 - 10,000 Lumens @ 39 Kwh Mo.	\$21.78	\$20.31	(I)
Metal Halide Lamp	<u>Pole Rate</u>		
100 Watt Metal Halide - Acorn @ 44 Kwh Mo.		\$8.75	\$7.01 (I)
14' Smooth Black Pole	\$10.42		(I)
14' Fluted Pole	\$13.49		(I)
100 Watt Metal Halide - Lexington @ 44 Kwh Mo.		\$6.85	\$5.12 (I)
14' Smooth Black Pole	\$10.42		(I)
14' Fluted Pole	\$13.49		
400 Watt Metal Halide - Galleria @ 167 Kwh Mo.		\$17.61	\$11.03 (I)
1000 Watt Metal Halide - Galleria @ 395 Kwh Mo.		\$28.49	\$12.89 (I)
30' Square Steel Pole	\$15.46		(I)
250 Watt Cobra Head w/30' Aluminum Pole		\$20.35	(N)

DATE OF ISSUE: MARCH 16, 2006

DATE EFFECTIVE: APRIL 17, 2006

ISSUED BY: \_\_\_\_\_ GENERAL MANAGER & C.E.O. SOUTH KENTUCKY R.E.C.C.  
 Issued by authority of an order of the Public Service Commission of Kentucky in Case No. \_\_\_\_\_ dated \_\_\_\_\_.

SOUTH KENTUCKY R.E.C.C.  
 SOMERSET, KENTUCKY 42503

DECORATIVE STREET LIGHTING	CLASSIFICATION OF SERVICE	SCHEDULE DSTL	
400 Watt Cobra Head Mercury Vapor With:			
8' Arm		\$14.56	\$7.99 (I)
12' Arm		\$17.30	\$10.73 (I)
16' Arm		\$18.15	\$11.57 (I)
30' Aluminium Pole	\$23.56		(I)

FUEL ADJUSTMENT: As shown in APPENDIX B following these tariffs.  
 CONDITIONS OF SERVICE:

1. Street lighting circuits including transformers, fixtures, lamps, additional guys or fittings will be furnished by the cooperative.
2. The Cooperative shall install lights only on existing service where an additional pole is not required. If consumer requires additional line (not to exceed 150 feet from existing line) including pole to be constructed, there will be a charge of \$100.00 for installing the additional facilities.
3. In the event aluminum or decorative poles are requested, it will be the responsibility of the customer to install all concrete pedestals.
4. The Cooperative will also provide conventional overhead service to the lighting fixture when they are reasonably accessible. There may be an additional footage charge(s) in such case as accessibility is deemed to be unreasonable. If the customer requests underground service to the fixtures, it will be their responsibility to perform any ditching, back filling, seeding, or repaving as necessary, and provide and maintain all conduit.
5. The lighting equipment shall remain the property of the Cooperative. The customer shall protect the lighting equipment from deliberate damage.
6. The Cooperative shall maintain the lighting equipment including the lamp replacement at no additional cost to the customer within a reasonable time after the customer notifies the Cooperative for the need of maintenance, except in case of lamp or fixture damage because of vandalism, replacement may be made only once at no cost to the customer. After that, the customer may be required to pay for the cost of replacement.
7. All service and necessary maintenance on the light and facilities will be performed only during regular scheduled working hours of the Cooperative.
8. The customer shall be responsible under written contract for all lease and energy payments on installed equipment for a period of 10 years. Cancellation by the customer prior to the initial 10 year period will require the customer to pay the Cooperative its cost of labor to install and remove the facilities plus the cost of obsolete or unserviceable equipment, prorated on the remaining portion of the 10 year period.

DATE OF ISSUE: MARCH 16, 2006

DATE EFFECTIVE: APRIL 17, 2006

ISSUED BY: \_\_\_\_\_ GENERAL MANAGER & C.E.O. SOUTH KENTUCKY R.E.C.C.  
 Issued by authority of an order of the Public Service Commission of Kentucky in Case No. \_\_\_\_\_ dated \_\_\_\_\_

1 South Kentucky Rural Electric  
2 Case No. 2005-00450  
3 Existing and Proposed Rates and Charges  
4 August 31, 2005

Exhibit C  
page 1 of 3  
Witness: Jim Adkins

5	<u>Rates</u>	<u>Present</u>	<u>Proposed</u>	<u>Difference</u>
6				
7				
8				
9				
10	<b><u>A, Residential, Farm and Non-Farm Service</u></b>			
11	Customer charge	\$5.60	\$8.00	\$2.40
12	Energy charge	\$0.06111	\$0.06461	\$0.00350
13				
14	Energy charge per ETS	\$0.03667	\$0.03877	\$0.00210
15				
16	<b><u>B, Small Commerical Rate</u></b>			
17	Customer charge	\$6.70	\$15.00	\$8.30
18	Energy charge	\$0.06658	\$0.07492	\$0.00834
19				
20	Energy charge per ETS	\$0.03995	\$0.04495	\$0.00500
21				
22	<b><u>LP, Large Power Rate</u></b>			
23	Customer charge	\$11.20	\$30.00	\$18.80
24	Demand charge	\$6.00	\$6.00	\$0.00
25	Energy charge	\$0.04156	\$0.04156	\$0.00000
26				
27	<b><u>LP-3, Large Power Rate ( 500 kw to 2,999 kw)</u></b>			
28	Metering charge	\$125.00	\$125.00	\$0.00
29	Substation charge	\$315.00	\$315.00	\$0.00
30	Substation charge	\$944.00	\$944.00	\$0.00
31	Demand charge			
32	Contract demand	\$5.39	\$5.39	\$0.00
33	Excess demand	\$7.82	\$7.82	\$0.00
34	Interuptible discount	(\$3.15)	(\$3.15)	\$0.00
35	Energy charge	\$0.03232	\$0.03459	\$0.00227
36				
37	<b><u>OPS, Optional Power Service</u></b>			
38	Customer charge	\$11.20	\$30.00	\$18.80
39	Energy charge	\$0.07315	\$0.07699	\$0.00384
40				

South Kentucky Rural Electric  
Case No. 2005-00450  
Existing and Proposed Rates and Charges  
August 31, 2005

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<u>Rates</u>	<u>Present</u>	<u>Proposed</u>	<u>Difference</u>
<b><u>OL, Outdoor Lighting Service</u></b>			
Mercury Vapor - 7,000 - 10,000			
Metered	\$4.63	\$6.48	\$1.85
Unmetered	\$5.92	\$8.29	\$2.37
Directional Flood Light, w/ bracket			
250 Watt Sodium			
Metered	\$5.88	\$8.23	\$2.35
Unmetered	\$9.39	\$13.15	\$3.76
250 Watt Metal Halide			
Metered	\$6.55	\$9.17	\$2.62
Unmetered	\$10.24	\$14.34	\$4.10
400 Watt Metal Halide			
Metered	\$6.55	\$9.17	\$2.62
Unmetered	\$12.53	\$17.54	\$5.01
1,000 Watt Metal Halide			
Metered	\$7.31	\$10.23	\$2.92
Unmetered	\$21.49	\$30.09	\$8.60
<b><u>STL, Street Lighting</u></b>			
Mercury Vapor - 7,000 - 10,000			
	\$4.20	\$6.30	\$2.10
Mercury Vapor - 15,000 - 28,000			
	\$6.63	\$9.95	\$3.32
<b><u>DSTL, Decorative Street Lighting</u></b>			
HPS Cobra Head on existing pole:			
7,000 - 10,000 lumens			
Metered	\$7.68	\$8.45	\$0.77
Unmetered	\$9.02	\$9.92	\$0.90
15,000 - 28,000 lumens			
Metered	\$8.28	\$9.11	\$0.83
Unmetered	\$11.70	\$12.87	\$1.17
HPS Cobra Head on aluminum pole:			
7,000 - 10,000 lumens			
Metered	\$13.31	\$14.64	\$1.33
Unmetered	\$14.65	\$16.12	\$1.47
15,000 - 28,000 lumens			
Metered	\$13.31	\$14.64	\$1.33
Unmetered	\$16.73	\$18.40	\$1.67

South Kentucky Rural Electric  
Case No. 2005-00450  
Existing and Proposed Rates and Charges  
August 31, 2005

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<u>Rates</u>	<u>Present</u>	<u>Proposed</u>	<u>Difference</u>
Lexington Light on aluminum pole:			
7,000 - 10,000 lumens			
Metered	\$8.23	\$9.05	\$0.82
Unmetered	\$9.57	\$10.53	\$0.96
Acorn Light on aluminum pole:			
7,000 - 10,000 lumens			
Metered	\$18.46	\$20.31	\$1.85
Unmetered	\$19.80	\$21.78	\$1.98
Metal Halide Lamp:			
100 Watt Acorn			
Metered	\$6.37	\$7.01	\$0.64
Unmetered	\$7.95	\$8.75	\$0.80
14' Smooth Black Pole	\$9.47	\$10.42	\$0.95
14' Fluted Pole	\$12.26	\$13.49	\$1.23
100 Watt Lexington			
Metered	\$4.65	\$5.12	\$0.47
Unmetered	\$6.23	\$6.85	\$0.62
14' Smooth Black Pole	\$9.47	\$10.42	\$0.95
14' Fluted Pole	\$12.26	\$13.49	\$1.23
400 Watt Galleria			
Metered	\$10.03	\$11.03	\$1.00
Unmetered	\$16.01	\$17.61	\$1.60
1,000 Watt Metal halide			
1,000 Watt Galleria			
Metered	\$11.72	\$12.89	\$1.17
Unmetered	\$25.90	\$28.49	\$2.59
30' Square Street pole			
250 Watt Cobra Head w/ 30' /	\$18.50	\$20.35	\$1.85
400 Watt Cobra head Mercury Vapor w/			
8' Arm			
Metered	\$7.26	\$7.99	\$0.73
Unmetered	\$13.24	\$14.56	\$1.32
12' Arm			
Metered	\$9.75	\$10.73	\$0.98
Unmetered	\$15.73	\$17.30	\$1.57
16' Arm			
Metered	\$10.52	\$11.57	\$1.05
Unmetered	\$16.50	\$18.15	\$1.65
30' Aluminum Pole			
	\$21.42	\$23.56	\$2.14

**Official Notice**

South Kentucky Rural Electric Cooperative Corporation, with its principal office at Somerset, Kentucky and with its address at 925 N. Main Street, Somerset, Kentucky 42503, intends to file with the Kentucky Public Service Commission in Case No. 2005-00450 an application to adjust its retail rates and charges. This adjustment will result in a general rate increase to the member-consumers of South Kentucky Rural Electric Cooperative Corporation.

The rates proposed in this application are the rates proposed by South Kentucky Rural Electric Cooperative Corporation. However, the Kentucky Public Service Commission may order rates to be charged that differ from these proposed rates. Such action may result in rates for consumers other than the rates in this application.

Any corporation, association, body politic or person may by motion within thirty (30) days after publication or mailing of notice of the proposed rate changes request leave to intervene. The motion shall be submitted to the Public Service Commission, 211 Sower Boulevard, P.O. Box 615, Frankfort, Kentucky 40602, and shall set forth the grounds for the request including the status and interest of the party. A copy of the application and testimony shall be available for public inspection at South Kentucky Rural Electric's offices.

South Kentucky Rural Electric Cooperative Corporation's last increase was in 1989, 17 years ago. The time has come to adjust the rates, and this process began by having an extensive cost of service study on each rate classification. The amount and percent of increase, based on the study, are listed below:

<u>Rate Class</u>	<u>Increase</u>	
	<u>Dollar</u>	<u>Percent</u>
<b>Schedule A</b>		
Residential, Farm and Non-Farm Service	\$4,051,768	9%
<b>Schedule A</b>		
Off Peak Heating Rate	\$24,082	6%
<b>Schedule B</b>		
Small Commercial Rate	\$850,383	20%
<b>Schedule B</b>		
Off Peak Heating Rate	\$67	13%
<b>Schedule LP</b>		
Large Power Rate	\$52,866	1%
<b>Schedule LP - 3</b>		
Large Power Rate (500 kw to 2,999 kw)	\$105,142	5%
<b>Schedule OPS</b>		
Optional Power Service	\$98,261	8%
<b>Schedule OL</b>		
Outdoor Lighting Service	\$657,903	40%
<b>Schedule STL</b>		
Street Lighting	\$19,426	50%
<b>Schedule DSTL</b>		
Decorative Street Lighting	\$3,305	10%

The effect of the proposed rates on the average monthly bill by rate class are listed below:

Rate Class	Increase	
	Dollar	Percent
<b>Schedule A</b>		
Residential, Farm and Non-Farm Service	\$5 50	9%
<b>Schedule B</b>		
Small Commercial Rate	\$19 92	20%
<b>Schedule LP</b>		
Large Power Rate	\$18 80	1%
<b>Schedule LP - 3</b>		
Large Power Rate (500 kw to 2,999 kw)	\$1,752 36	5%
<b>Schedule OPS</b>		
Optional Power Service	\$54 38	8%
<b>Schedule OL</b>		
Mercury Vapor - 7,000 - 10,000		
Metered	\$1 85	40%
Unmetered	\$2.37	40%
Directional Flood Light, w/ bracket		
250 Watt Sodium		
Metered	\$2 35	40%
Unmetered	\$3 76	40%
250 Watt Metal Halide		
Metered	\$2.62	40%
Unmetered	\$4.10	40%
400 Watt Metal Halide		
Metered	\$2.62	40%
Unmetered	\$5 01	40%
1,000 Watt Metal Halide		
Metered	\$2 92	40%
Unmetered	\$8.60	40%
<b>Schedule STL</b>		
Mercury Vapor - 7,000 - 10,000	\$2 10	50%
Mercury Vapor - 15,000 - 28,000	\$3 32	50%
<b>Schedule DSTL</b>		
HPS Cobra Head on existing pole:		
7,000 - 10,000 lumens		
Metered	\$0.77	10%
Unmetered	\$0 90	10%
15,000 - 28,000 lumens		
Metered	\$0 83	10%
Unmetered	\$1 17	10%
HPS Cobra Head on aluminum pole:		
7,000 - 10,000 lumens		
Metered	\$1 33	10%
Unmetered	\$1 47	10%
15,000 - 28,000 lumens		
Metered	\$1 33	10%
Unmetered	\$1 67	10%
Lexington Light on aluminum pole:		
7,000 - 10,000 lumens		
Metered	\$0 82	10%
Unmetered	\$0 96	10%
Acorn Light on aluminum pole:		
7,000 - 10,000 lumens		
Metered	\$1 85	10%
Unmetered	\$1 98	10%
Metal Halide Lamp:		
100 Watt Acorn		
Metered	\$0 64	10%
Unmetered	\$0 80	10%
14' Smooth Black Pole	\$0 95	10%
14' Fluted Pole	\$1 23	10%
100 Watt Lexington		
Metered	\$0 47	10%
Unmetered	\$0 62	10%
14' Smooth Black Pole	\$0 95	10%
14' Fluted Pole	\$1 23	10%
400 Watt Galleria		
Metered	\$1 00	10%
Unmetered	\$1 60	10%
1,000 Watt Metal halide	\$2 15	10%
1,000 Watt Galleria		
Metered	\$1 17	10%
Unmetered	\$2 59	10%
30' Square Street pole	\$1 41	10%
250 Watt Cobra Head w/ 30' Aluminum pole	\$1 85	10%
400 Watt Cobra head Mercury Vapor w/		
8' Arm		
Metered	\$0 73	10%
Unmetered	\$1 32	10%
12' Arm		
Metered	\$0 98	10%
Unmetered	\$1 57	10%
16' Arm		
Metered	\$1 05	10%
Unmetered	\$1 65	10%
30' Aluminum Pole	\$2 14	10%

The present and proposed rate structure of South Kentucky Rural Electric  
Cooperative Corporation are listed below

Rate Class	Rates	
	Present	Proposed
<b>Schedule A</b>		
Customer charge	\$5.60	\$9.00
Energy charge	\$0.06111	\$0.06461
Energy charge per ETS	\$0.03667	\$0.03877
<b>Schedule B</b>		
Customer charge	\$6.70	\$15.00
Energy charge	\$0.06658	\$0.07492
Energy charge per ETS	\$0.03995	\$0.04495
<b>Schedule LP</b>		
Customer charge	\$11.20	\$30.00
Demand charge	\$6.00	\$6.00
Energy charge	\$0.04156	\$0.04156
<b>Schedule LP-3</b>		
Metering charge	\$125.00	\$125.00
Substation charge	\$315.00	\$315.00
Substation charge	\$944.00	\$944.00
Demand charge		
Contract demand	\$5.39	\$5.39
Excess demand	\$7.82	\$7.82
Interruptible discount	(\$3.15)	(\$3.15)
Energy charge	\$0.03232	\$0.03459
<b>Schedule OPS</b>		
Customer charge	\$11.20	\$30.00
Energy charge	\$0.07315	\$0.07699
<b>Schedule OL</b>		
Mercury Vapor - 7,000 - 10,000		
Metered	\$4.63	\$6.48
Unmetered	\$5.92	\$8.29
Directional Flood Light, w/ bracket		
250 Watt Sodium		
Metered	\$5.88	\$8.23
Unmetered	\$9.39	\$13.15
250 Watt Metal Halide		
Metered	\$6.55	\$9.17
Unmetered	\$10.24	\$14.34
400 Watt Metal Halide		
Metered	\$6.55	\$9.17
Unmetered	\$12.53	\$17.54
1,000 Watt Metal Halide		
Metered	\$7.31	\$10.23
Unmetered	\$21.49	\$30.09
<b>Schedule STL</b>		
Mercury Vapor - 7,000 - 10,000		
Metered	\$4.20	\$6.30
Mercury Vapor - 15,000 - 28,000		
Metered	\$6.63	\$9.95
<b>Schedule DSTL</b>		
HPS Cobra Head on existing pole:		
7,000 - 10,000 lumens		
Metered	\$7.68	\$8.45
Unmetered	\$9.02	\$9.92
15,000 - 28,000 lumens		
Metered	\$8.28	\$9.11
Unmetered	\$11.70	\$12.87
HPS Cobra Head on aluminum pole:		
7,000 - 10,000 lumens		
Metered	\$13.31	\$14.64
Unmetered	\$14.65	\$16.12
15,000 - 28,000 lumens		
Metered	\$13.31	\$14.64
Unmetered	\$16.73	\$18.40
Lexington Light on aluminum pole:		
7,000 - 10,000 lumens		
Metered	\$8.23	\$9.05
Unmetered	\$9.57	\$10.53
Acorn Light on aluminum pole:		
7,000 - 10,000 lumens		
Metered	\$18.46	\$20.31
Unmetered	\$19.80	\$21.78
Metal Halide Lamp:		
100 Watt Acorn		
Metered	\$6.37	\$7.01
Unmetered	\$7.95	\$8.75
14' Smooth Black Pole	\$9.47	\$10.42
14' Fluted Pole	\$12.26	\$13.49
100 Watt Lexington		
Metered	\$4.65	\$5.12
Unmetered	\$6.23	\$6.85
14' Smooth Black Pole	\$9.47	\$10.42
14' Fluted Pole	\$12.26	\$13.49
400 Watt Galleria		
Metered	\$10.03	\$11.03
Unmetered	\$16.01	\$17.61
1,000 Watt Metal halide	\$21.49	\$23.64
1,000 Watt Galleria		
Metered	\$11.72	\$12.89
Unmetered	\$25.90	\$29.49
30' Square Street pole	\$14.05	\$15.46
250 Watt Cobra Head w/ 30' Aluminum pole	\$18.50	\$20.35
400 Watt Cobra head Mercury Vapor w/		
8' Arm		
Metered	\$7.26	\$7.99
Unmetered	\$13.24	\$14.56
12' Arm		
Metered	\$9.75	\$10.73
Unmetered	\$15.73	\$17.30
16' Arm		
Metered	\$10.52	\$11.57
Unmetered	\$16.50	\$18.15
30' Aluminum Pole	\$21.42	\$23.56

925-9299 **page 1 of 2** Street  
Post Office Box 910  
Somerset, Kentucky 42502  
Telephone 606-678-4121  
Toll Free 800-264-5112  
Fax 606-679-8279  
www.skrecc.com



Allen Anderson, Head Coach & CEO

October 31, 2005

Beth A. O'Donnell, Executive Director  
Kentucky Public Service Commission  
211 Sower Blvd.  
P.O. Box 615  
Frankfort, Kentucky 40602

Dear Ms. O'Donnell:

This is to advise, in accordance with the Commission's Administrative Regulation 807 KAR 5:001, Section 11(2), that on or about December 31, 2005, South Kentucky Rural Electric Cooperative Corporation (hereafter South Kentucky Rural Electric) intends to file an application for an increase in its retail rates based on a historical test year ending August 31, 2005.

If there are any questions concerning this matter, please contact me at your convenience.

Respectfully submitted,

A handwritten signature in black ink that reads 'Allen Anderson'.

Allen Anderson, CEO

copy to: Attorney General  
Utility Intervention and Rate Division  
1024 Capital Center Drive  
Frankfort, Kentucky 40601

Ernie Fletcher  
Governor

Lajuana S. Wilcher, Secretary  
Environmental and Public  
Protection Cabinet

Christopher L. Lilly  
Commissioner  
Department of Public Protection



Commonwealth of Kentucky  
Public Service Commission  
211 Sower Blvd.  
P.O. Box 615  
Frankfort, Kentucky 40602-0615  
Telephone: (502) 564-3940  
Fax: (502) 564-3460  
psc.ky.gov

Mark David Goss  
Chairman  
page 2 of 2

Teresa J. Hill  
Vice Chairman

Gregory Coker  
Commissioner

Allen Anderson  
Manager  
South Kentucky R.E.C.C.  
P. O. Box 910  
925-929 N. Main Street  
Somerset, KY 42502-0910

November 7, 2005

RE: Case No 2005-00450  
South Kentucky R.E.C.C.  
(General Rates)

Notice of Intent to file Historical Rate Case

This letter is to acknowledge receipt of notice of intent to file an application in the above case. The notice was date-stamped received November 4, 2005 and has been assigned Case No 2005-00450. In all future correspondence or filings in connection with this case, please reference the above case number.

If you need further assistance, please contact my staff at (502) 564-3940.

Sincerely,

A handwritten signature in black ink, appearing to read "Beth O'Donnel".

Beth O'Donnel  
Executive Director

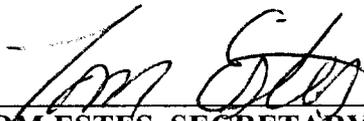
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**BOARD RESOLUTION**

**WHEREAS, A RATE APPLICATION IS BEING PREPARED FOR SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE CORPORATION AND THE INITIAL FINDINGS ARE THAT SOUTH KENTUCKY RECC NEEDS TO INCREASE ITS ELECTRIC BASE BY AN ANNUAL AMOUNT OF \$5,863,053. THIS INCREASE AMOUNTS TO AN INCREASE FOR CURRENT ELECTRIC BASE RATES OF 8.4%, THIS INCREASE WOULD RESULT IN ANNUAL OPERATING REVENUES FROM BASE RATES OF APPROXIMATELY \$75.5 MILION BASED ON THE TEST YEAR BILLING UNITS.**

**NOW THEREFORE, BE IT RESOLVED, THAT THE BOARD OF DIRECTORS APPROVES THAT SOUTH KENTUCKY RECC FILE A RATE APPICATION SEEKING AN INCREASE IN BASE ELECTRIC RATES NOT TO EXCEED \$5,900,000 AND DIRECTS MANAGEMENT TO FILE THIS APPLICATION WITH THE PROPER REGULATORY BODIES FOR APPROVAL.**

**I, TOM ESTES, SECRETARY OF SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE CORPORATION, DO HEREBY CERTIFY THAT THE ABOVE IS AS TRUE AND CORRECT EXCERPT FROM THE MINUTES OF THE BOARD OF DIRECTORS' MEETING OF THE COOPERATIVE, HELD ON THE 9<sup>TH</sup> DAY OF MARCH 2006 AT WHICH MEETING A QUORUM WAS PRESENT.**

  
\_\_\_\_\_  
TOM ESTES, SECRETARY  
3-9-06  
\_\_\_\_\_  
DATE

South Kentucky Rural Electric  
 Case No. 2005-00450  
**Revenue Analysis**  
 August 31, 2005

Rate Schedule	Kwh Usage	Test Year Revenue	Normalized		Proposed Revenue	Percent of Total	Increase Amount	Percent of Total
			Percent of Total	Case No. 2004-00482 Revenue				
A, Residential, Farm and Non-Farm Service	706,078,436	\$43,978,882	68%	\$46,846,925	\$50,898,693	67%	\$4,051,768	8.6%
A, ETS	11,489,483	387,078	1%	421,319	445,401	1%	24,082	5.7%
B, Small Commercial Rate	59,473,163	4,015,825	6%	4,249,966	5,100,349	7%	850,383	20.0%
B, ETS	13,330	493	0%	533	599	0%	67	12.5%
LP, Large Power Rate	142,895,983	8,097,863	12%	8,665,601	8,718,467	12%	52,866	0.6%
LP-1, Large Power Rate (500 to 4,999kw)	38,541,750	1,695,575	3%	1,850,764	1,850,764	2%	0	0.0%
LP-2, Large Power Rate (5,000 to 9,999kw)	43,520,610	1,887,837	3%	2,060,035	2,060,035	3%	0	0.0%
LP-3, Large Power Rate (500 to 4,999kw)	46,317,855	1,772,023	3%	1,962,168	2,067,309	3%	105,142	5.4%
Special Contract	287,800	42,907	0%	44,320	44,414	0%	94	0.2%
OPS, Optional Power Service	16,741,932	1,182,897	2%	1,250,199	1,348,459	2%	98,261	7.9%
AES, All Electric Schools	8,365,440	444,386	1%	480,361	480,361	1%	0	0.0%
OL, Outdoor Lighting Service	18,275,214	1,543,608	2%	1,643,394	2,301,297	3%	657,903	40.0%
STL, Street Lighting	696,922	36,019	0%	38,839	58,265	0%	19,426	50.0%
DTSL, Decorative Street Lighting	207,230	33,061	0%	33,061	36,366	0%	3,305	10.0%
Rounding differences					(243)		(243)	
<b>Total from base rates</b>	<b>1,092,905,148</b>	<b>65,118,453</b>	<b>100%</b>	<b>\$69,547,484</b>	<b>\$75,410,537</b>	<b>100%</b>	<b>\$5,863,053</b>	<b>8.4%</b>
Fuel		8,259,099						
Environmental surcharge		277,033						
Total revenue from billings		73,654,585						
Increase				\$4,429,031	\$5,863,053			
Recognize billing lag		269,376						
Fuel charge adjustment lag		585,427						
Total revenue per general ledger		\$74,509,388						

South Kentucky Rural Electric  
Case No. 2005-00450  
Explanation of Changes in Charges  
August 31, 2005

Exhibit G  
page 2 of 2  
Witness: Allen Anderson

1  
2  
3  
4  
5 All revenues were normalized using rates that went into effect in connection with a flow  
6 through of East Kentucky Power Cooperative's increase in rates in EKPC Case No.  
7 2004-00467 and South Kentucky Rural Electric's flow through Case No. 2004-00482,  
8 effective June 1, 2005.

9  
10 The proposed rate increase was allocated based on the Cost of Service Study (COSS)  
11 that is included as Exhibit R to this Application. The increase has been further allocated to  
12 rate schedules as follows:

13  
14 **A, Residential, Farm and Non-Farm Service**

15 The Customer Charge was increase from \$5.60 to \$8.00, with the remaining increase  
16 assigned to the Energy Charge.

17  
18 The COSS resulted in justification for a larger increase in the Customer Charge, however,  
19 South Kentucky Rural Electric elected to keep the increase in the Customer Charge more  
20 gradual than what was reflected in the COSS.

21  
22 **B, Small Commercial Rate**

23 The Customer Charge was increase from \$6.70 to \$15.00, with the remaining increase  
24 assigned to the Energy Charge.

25  
26 **LP, Large Power Rate and Special Contract**

27 Based on the COSS, there were no proposed increases other than to increase the Customer  
28 Charge from \$11.20 to \$30.00. The increase in the Customer Charge was to keep the  
29 customer charges on all rate schedules consistent with each other.

30  
31 **LP-3, Large Power Rate ( 500 kw to 2,999 kw )**

32 The entire increase was assigned to the Energy Charge.

33  
34 **OPS, Optional Power Service**

35 The Customer Charge was increase from \$11.20 to \$30.00, with the remaining increase  
36 assigned to the Energy Charge.

37  
38 **OL, STL and DSTL, All Lighting**

39 All increases were based on the COSS.

40  
41  
42 All Customer Charges were established in South Kentucky Rural Electric's last general rate  
43 increase, Case No. 89-040, dated August 21, 1989. These charges were ordered by the  
44 Kentucky Commission based on the Cost of Service Study filed with that general rate  
45 increase. A copy of that study is on file in that Case, noted by reference.

46  
47 South Kentucky Rural Electric does not have monthly peak demands for rate schedules,  
48 only the amount of KW billed to each consumer.

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ADJUSTMENT OF RATES OF  
SOUTH KENTUCKY RURAL ELECTRIC  
COOPERATIVE CORPORATION

CASE NO. 2005 - 00450

PREPARED TESTIMONY OF ALLEN ANDERSON

- Q1. Would you please state your name and business address?
- A1. Allen Anderson, Post Office Box 910, Somerset, Kentucky 42505
- Q2. What is your occupation?
- A2. CEO of South Kentucky Rural Electric Cooperative Corporation (South Kentucky).
- Q3. How long have you been in your present position?
- A3. Approximately 4 ½ years.
- Q4. What is your professional background?
- A4. I graduated from Berea College in 1976 with a B.S. Degree in Agriculture, worked about two years as a salesman and a Lab Technician for Burley Belt Chemical Company. I was employed by South Kentucky in 1978 as an Energy Conservation Advisor and served in this position until 1985. Applied and got Electrical Inspector's License in 1984. I became Manager of Member Services and Public Relations in 1985 to 2000. Promoted to COO in April 1, 2000 and then was promoted to CEO in September 7, 2001. I have been with South Kentucky for 27 ½ years.
- Q5. Mr. Anderson, are you familiar with the contents of the Notice Application of South Kentucky which has been filed with this Commission to Commence this Case?
- A5. Yes.
- Q6. Please state whether the statements of facts contained in this Notice are true.
- A6. Yes. To the best of my knowledge and belief the statements of facts contained in this application are true.

- Q7. Mr. Anderson, are you familiar with the exhibits which are filed with and form a part of the Notice Application of this Case?
- A7. Yes. I worked with Jim Adkins and with South Kentucky's CFO in the preparation of these exhibits, and I am familiar with them. And in my opinion, the factual material contained in these is correct.
- Q8. When was the last General Rate Application filed by South Kentucky.?
- A8. South Kentucky's last general rate increase was a Settlement Agreement with this Commission on August 21, 1989, in Case No. 89-040.
- Q9. What is the purpose of this Notice Application of South Kentucky to this Commission?
- A9. To seek an increase in it's rates in an amount necessary to obtain a TIER of 2.0.
- Q10. What considerations were given to increase the rates and charges of South Kentucky?
- A10. The joint mortgage agreements require that South Kentucky attain a TIER ratio of 1.25, based on an average of two of the three most current years. The TIER for the Test Year, excluding G & T Capital Credits was 0.83. TIER has decreased consistently from 1.75 in 2001, to 1.34 in 2004. The TIER giving effect to Test Year adjustments without an increase in revenues would result in a TIER of only 0.76.
- Q11. What is the Test Year used by South Kentucky for its financial data compiled to the Commission in this Case?
- A11. The twelve months ended August 31, 2005, was selected as the Test Year. The Management and Board of Directors of South Kentucky review the operations and TIER on a monthly basis. Noting the steady decline in margins and TIER, the Board of Directors authorized an Application be prepared to increase rates and charges sufficient to obtain a TIER of 2.0.
- Q12. Do the proposed increase in rates for South Kentucky in this Application provide for a fair and equitable allocation for the increase?
- A12. Total revenue was increased by 8.43 percent, based on normalized revenues. South Kentucky performed a Cost of Service Study, and designed the rate increase based on those results.

Q13. Do you propose to continue the Settlement Agreement provisions from Case No. 89-040?

A13. No. South Kentucky has paid Capital Credits on annual basis and intends to continue this procedure. South Kentucky does not desire to be obligated by a Settlement Agreement from 1989.

Q14. In your opinion, are the proposed rates requested in this Application by South Kentucky necessary to maintain the financial integrity of the Cooperative?

A14. Yes. To enable South Kentucky to maintain its financial integrity, it is necessary that it be permitted to increase its rates as proposed in this Application.

Q15. Does this conclude your testimony in this Case?

A.15 Yes, it does

Affiant, **ALLEN ANDERSON**, states that the answers given by him to the foregoing questions are true and correct to the best of his knowledge and belief.

  
\_\_\_\_\_  
**ALLEN ANDERSON**

Subscribed and sworn to before me by the affiant, **ALLEN ANDERSON**, this 14<sup>th</sup> day of March, 2006.

My Commission Expires April 22, 2006.

  
\_\_\_\_\_  
Notary Public, State of Kentucky at Large

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ADJUSTMENT OF RATES OF  
SOUTH KENTUCKY RURAL ELECTRIC  
COOPERATIVE CORPORATION

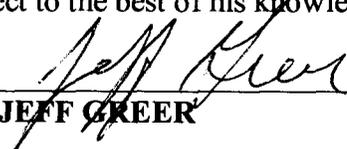
CASE NO. 2005 - 00450

PREPARED TESTIMONY OF JEFF GREER

- Q1. Would you please state your name and business address?
- A1. Jeff Greer, 925 - 929 North Main Street, Somerset, Kentucky 42505 and Chief Financial Officer.
- Q2. How long have you been employed by South Kentucky Rural Electric Cooperative Corporation (South Kentucky)?
- A2. I have been employed by South Kentucky RECC approximately 15 years.
- Q3. What is your educational background?
- A3. B.B.A. from Eastern Kentucky University with a major in Accounting.
- Q4. Did you prepare or assist in the preparation of the financial exhibits for South Kentucky in this Notice Application?
- A4. Yes.
- Q5. What consideration was given to increase the rates and charges of South Kentucky?
- A5. The mortgage agreements require that South Kentucky maintain a TIER of above 1.25 based on an average of two of the three most current years. The TIER for the Test Year, excluding G & T Capital Credits, was 0.83. TIER has decreased consistently from a TIER of 1.75 in 2001. The TIER giving effect to adjustments without an increase in revenues would result in a TIER of only .76 for the Test Year.
- Q6. Would you briefly describe the procedures used to arrive at the proposed increase in rates and charges?

- A6. Based on a review of South Kentucky's trend toward declining margins and the need for continued investment growth, it was determined that South Kentucky should seek a rate increase. The twelve months ended August 31, 2005, was selected as the test year. Revenues and expense were normalized for known and measurable events. South Kentucky determines that it would need a revenue increase of \$ 5,863,000 or approximately 8.43% to provide a 2.0 TIER.
- Q7. How was the proposed increase in revenues of \$ 5,863,000 allocated to rates?
- A7. South Kentucky and James Adkins prepared a cost of service study and based its rate design on this study.
- Q8. Why was a TIER of 2.0 requested?
- A8. The financial condition of South Kentucky has deteriorated substantially since 2001. In order to continue to meet debt service obligations, operating costs, and maintain the minimum joint mortgage agreement requirements, it is necessary to request a TIER of 2.0 in this Application.
- Q9. In your opinion, are the adjusted rates requested in this Case by South Kentucky necessary to maintain the financial integrity of the Cooperative?
- A9. The financial exhibits as shown in the application conclusively indicate the adjusted rates arising out of the Application for Rate Adjustment are necessary to prevent problems of a deteriorating financial position.
- Q10. Does this conclude your testimony in this Case?
- A10. Yes, it does.

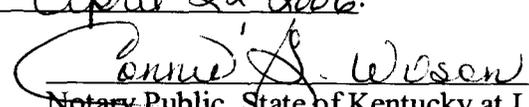
Affiant, **JEFF GREER**, states that the answers given by him to the foregoing questions are true and correct to the best of his knowledge and belief.

  
\_\_\_\_\_  
**JEFF GREER**

Subscribed and sworn to before me by the affiant, **JEFF GREER**, this 14<sup>th</sup> day of March, 2006.

My Commission Expires

April 22 2006.

  
\_\_\_\_\_  
Notary Public, State of Kentucky at Large

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

SOUTH KENTUCKY RECC  
CASE NO. 2005-00450

DIRECT TESTIMONY OF JAMES R. ADKINS

1 Q. Please state your name, your business address and job position?

A. My name is James R. Adkins. My business address is 1041 Chasewood Way, Lexington, KY 40513-1731. I am self-employed providing services to electric cooperatives in the areas of rates, rate design, cost of service studies, regulatory affairs, financial forecasting and other services.

2 Q. What is your education background and business experience?

A I am a graduate of the University of Kentucky with a Bachelors Degree in Commerce with a major in banking and finance granted in 1971 and a Masters of Science Degree in Accounting granted in 1976. My business experience for the last twenty-eight years has been with the electric utility industry and primarily with the rural electric cooperatives. I spent almost twenty-five years with East Kentucky Power Cooperative, Inc. ("EKPC") dealing with rates, regulatory affairs, cost of service studies, and helping its member distribution systems with their rate matters. I took an early retirement from EKPC in early 2002 due to health reasons. Since then I spent time providing consulting services to electric cooperatives and others. I was member of the Prime Group from early 2002 through the first quarter of 2003 providing assistance in the rate area to cooperatives in this area of the country. I have been self-employed since the first quarter of 2003.

3 Q. Have you ever provided testimony before the Kentucky Public Service Commission ("Commission")?

A. I have provided testimony many times before this Commission for EKPC and its member distribution cooperatives in rate application proceedings for revenue

requirement purposes, cost of service studies, rate design, and other special types of rates including cogeneration rates, economic development rates, etc. I have also provided testimony in fuel adjustment cases and administrative cases. I made a journey to the Republic of Armenia in 1999 at the Commission Staff request to provide assistance to the Armenian Energy Commission on distribution cost of service studies, concepts and results.

4 Q. What has been your role in this rate application ?

A. My role in this rate application has been to provide assistance to South Kentucky RECC ("South Kentucky") in its preparation and filing with this Commission. I have provided assistance in all areas of its preparation. I am responsible for the Statement of Operations, the Costs of Service Study and the revenue requirements that have been prepared specifically for this filing. I am also responsible for all other exhibits that may contain financial calculations and analyses and prepared specifically for this rate application. My statement on responsibility means that these documents have been developed by me or at my request and under my direct supervision. I am also responsible for testimony on those exhibits and documents.

5 Q Why does South Kentucky need an increase in rates?

A. South Kentucky needs an increase in rates because its margins have deteriorated to the point that South Kentucky is now in violation with its mortgage agreements with the Rural Utilities Service ("RUS"). South Kentucky did not meet its Times Interest Earned Ratio ("TIER") or Operational Timers Interest Earned Ratio ("OTIER") requirements during the test year or 2005. South Kentucky's TIER was 0.83x for the test year and 0.76x for the test year with adjustments. Its mortgage requirements specify a TIER of 1.25x and OTIER of 1.10x. South Kentucky is requesting a TIER of 2.0x in this application and is also proposing not to continue the Settlement Agreement in Case No. 89-040. The requested increase results in an overall increase on normalized revenue of 8.4% with some rate classes receiving amounts significantly larger than that amount and some less. No changes have been requested for several rate classes as these classes are currently providing revenue sufficient to meet the class revenue requirements.

6 Q. What revenue adjustments is South Kentucky proposing?

A. Two revenue adjustments are proposed in this application. One revenue adjustment is the normalization of revenue for the base rates approved by this Commission on June 1, 2005 for an increase in the base fuel in the rates of South Kentucky. The second revenue adjustment deals with the revenue and purchased power expense of an adjustment for the year end level of customers for certain rate classes. This adjustment gives recognition to the continued growth in the number of consumers in these rate classes. The fuel adjustment clause and the environmental surcharge have been removed from the financial statements for rate-making purposes.

7 Q What expense adjustments is South Kentucky proposing?

A. South Kentucky is proposing thirteen expense adjustments in this rate application. These expense adjustments include the following where the adjustment is an expense increase: depreciation expenses, interest expense, wages and salaries, postretirement benefits, payroll taxes, rate case expenses, and property taxes. Several of the expense adjustments result in a decrease and these adjustments include professional fees, directors expenses, and miscellaneous expenses.

8 Q Are you responsible for the Cost of Service Study filed in this rate application?

A I am responsible for the Cost of Service Study ("COSS") in this application. This COSS is consistent with the 1993 NARUC Electric Utility Cost Allocation Manual and is based on a methodology generally accepted within the industry. The results of this study indicate that the Rate Schedules A, B, LP-3, OPS, OL and STL are not providing revenue sufficient to meet the revenue requirements for those rate classes. The COSS also indicates that the rates for some of the other rate classes are providing revenues in excess of their revenue requirements. Since several rate schedules are not producing sufficient revenue, these classes are the only ones where rates are being increased. The amount of increase allocated to Schedule A will provide revenue sufficient for it to meet revenue requirements. The increase for Schedule B is very significant but this increase will not bring it to the full revenue requirements for this class. The increases for Schedule LP-3 and OPS bring these classes to full revenue requirements. The increases for the lighting schedules of OL and STL will move Schedule OL to full revenue requirements and Schedule STL much closer to full revenue requirements. Schedule LP is receiving a increase due to the increase in the consumer charge by making it equal to the proposed

consumer charge for Schedule OPS. The non-lighting rate schedules receiving increases are receiving rate increases for both the customer charge and for the energy charge. The increase for the customer charge has been developed to move these charges closer to the cost of service amount and the remaining revenue requirements to be collected from the energy charge. The amount of increase for the lighting schedules have been placed on each charge in proportion to the overall increase in the amount for this rate class.

9 Q Does this conclude your testimony?

A. This concludes my testimony.

South Kentucky Rural Electric  
Case No. 2005-00450  
Effect on Average Bill  
August 31, 2005

Exhibit I  
page 1 of 2  
Witness: Jim Adkins

**A, Residential, Farm and Non-Farm Service**

	<u>Present</u>	<u>Proposed</u>
Customer charge	\$5.60	\$8.00
Energy charge	\$0.06111	\$0.06461

<u>kwh Useage</u>	<u>Existing Rate</u>	<u>Proposed Rate</u>	<u>Increase Amount</u>	<u>Percent</u>
0	\$5.60	\$8.00	\$2.40	42.9%
25	7.13	9.62	2.49	34.9%
50	8.66	11.23	2.58	29.7%
100	11.71	14.46	2.75	23.5%
150	14.77	17.69	2.93	19.8%
200	17.82	20.92	3.10	17.4%
250	20.88	24.15	3.28	15.7%
300	23.93	27.38	3.45	14.4%
350	26.99	30.61	3.63	13.4%
400	30.04	33.84	3.80	12.6%
450	33.10	37.07	3.97	12.0%
500	36.16	40.31	4.15	11.5%
550	39.21	43.54	4.33	11.0%
600	42.27	46.77	4.50	10.6%
650	45.32	50.00	4.68	10.3%
700	48.38	53.23	4.85	10.0%
750	51.43	56.46	5.02	9.8%
800	54.49	59.69	5.20	9.5%
850	57.54	62.92	5.38	9.3%
900	60.60	66.15	5.55	9.2%
950	63.65	69.38	5.73	9.0%
1,000	66.71	72.61	5.90	8.8%
1,050	69.77	75.84	6.07	8.7%
1,100	72.82	79.07	6.25	8.6%
1,150	75.88	82.30	6.42	8.5%
1,200	78.93	85.53	6.60	8.4%
1,250	81.99	88.76	6.78	8.3%
1,300	85.04	91.99	6.95	8.2%
1,350	88.10	95.22	7.13	8.1%
1,400	91.15	98.45	7.30	8.0%
1,450	94.21	101.68	7.48	7.9%
<b>885</b>	<b>59.69</b>	<b>65.19</b>	<b>5.50</b>	<b>9.2%</b>

The average monthly kwh useage is 885

1 South Kentucky Rural Electric  
 2 Case No. 2005-00450  
 3 Effect on Average Bill  
 4 August 31, 2005

Exhibit I  
 page 2 of 2  
 Witness: Jim Adkins

5  
 6 **A-2, Commercial and Small Power**

	<u>Present</u>	<u>Proposed</u>
7 Customer charge	\$6.70	\$15.00
8 Energy charge	\$0.06658	\$0.07492

9  
 10  
 11 Average kwh usage 1,393

	<u>Existing Rate</u>	<u>Proposed Rate</u>	<u>Increase Amount</u>	<u>Percent</u>
12				
13				
14				
15				
16	Average usage	\$99.44	\$119.36	\$19.92 20.0%

17  
 18 **LP-3, Large Power Rate ( 500 kw to 2,999 kw )**

	<u>Present</u>	<u>Proposed</u>
19 Metering charge	\$125.00	\$125.00
20 Substation charge	\$315.00	\$315.00
21 Substation charge	\$944.00	\$944.00
22 Demad charge:		
23 Contract demand	\$5.39	\$5.39
24 Excess demand	\$7.82	\$7.82
25 Interuptible discount	(\$3.15)	(\$3.15)
26 Energy charge	\$0.03232	\$0.03459

27  
 28  
 29 Average demand usage 1,637  
 30 Average kwh usage 771,964

	<u>Existing Rate</u>	<u>Proposed Rate</u>	<u>Increase Amount</u>	<u>Percent</u>
31				
32				
33				
34				
35	Average usage	\$32,702.79	\$34,455.15	\$1,752.36 5.4%

36  
 37 **OPS, Optional Power Service**

	<u>Present</u>	<u>Proposed</u>
38 Customer charge	\$11.20	\$30.00
39 Energy charge	\$0.07315	\$0.07699

40  
 41  
 42 Average secondary kwh usage 9,265

	<u>Existing Rate</u>	<u>Proposed Rate</u>	<u>Increase Amount</u>	<u>Percent</u>
43				
44				
45				
46				
47	Average usage	\$688.94	\$743.32	\$54.38 7.9%

48

South Kentucky Rural Electric  
Case No. 2005-00450  
Revenue Analysis  
August 31, 2005

Abbit J  
page 1 of 15  
Witness: Jim Adkins

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STL, Street Lighting	696,922	36,019	0%	38,839	58,265	0%	19,426	50.0%
DTSL, Decorative Street Lighting	207,230	33,061	0%	33,061	36,366	0%	3,305	10.0%
Rounding differences					(243)		(243)	
Total from base rates	<u>1,092,905,148</u>	<u>65,118,453</u>	<u>100%</u>	<u>\$69,547,484</u>	<u>\$75,410,537</u>	<u>100%</u>	<u>\$5,863,053</u>	<u>8.4%</u>
Fuel		8,259,099						
Environmental surcharge		<u>277,033</u>						
Total revenue from billings		73,654,585						
Increase				<u>\$4,429,031</u>			<u>\$5,863,053</u>	
Recognize billing lag		269,376						
Fuel charge adjustment lag		<u>585,427</u>						
Total revenue per general ledger		<u>\$74,509,388</u>						

Schedule A  
 Residential, Farm and Non-Farm Service  
**Rate 1; 3; 18**

Billing Determinants	Actual		Normalized Case No. 2004-00482		Proposed	
	Rate	Revenues	Rates	Revenues	Rates	Revenues

Customer Charge	658,539	\$5.60	\$3,687,818	\$5.60	\$3,687,818	\$8.00	\$5,268,312
September 2004 - June 2005 Energy charge per kWh	582,935,554	\$0.05619	32,755,149				
July - August 2005 Energy charge per kWh	123,142,882	\$0.06111	7,525,262				
Total kWh	<u>706,078,436</u>			\$0.06111	43,148,453	\$0.06461	45,619,728
Billing adjustments			<u>10,653</u>		<u>10,653</u>		<u>10,653</u>
Total from base rates			43,978,882		<u>\$46,846,925</u>		<u>\$50,898,693</u>
Fuel adjustment			5,368,023				
Environmental surcharge			<u>190,841</u>				
Total revenues			<u>\$49,537,746</u>				
Amount					\$2,868,043		\$4,051,768
Percent					6.5%		8.6%

Schedule A  
 Residential, Farm and Non-Farm Service  
**Rate 6**

Billing Determinants	Actual		Normalized Case No. 2004-00482		Proposed	
	Rate	Revenues	Rates	Revenues	Rates	Revenues

Customer Charge	0	\$5.60	\$0	\$5.60	\$8.00	\$0
September 2004 - June 2005 Energy charge per ETS kWh	11,568,129	\$0.03371	389,962			
July - August 2005 Energy charge per ETS kWh	(78,646)	\$0.03667	(2,884)			
Total kWh	<u>11,489,483</u>			\$0.03667	421,319	\$0.03877
Billing adjustments					<u>0</u>	<u>0</u>
Total from base rates					<u>\$421,319</u>	<u>\$445,401</u>
Fuel adjustment			387,078			
Environmental surcharge			92,076			
Total revenues			<u>12</u>			
Amount			<u>\$479,166</u>			
Percent					\$34,242	\$24,082
					8.8%	5.7%

Schedule B  
Small Commercial Rate  
Rate 2

Billing Determinants	Actual		Normalized Case No. 2004-00482		Proposed	
	Rate	Revenues	Rates	Revenues	Rates	Revenues

Customer Charge	42,696	\$6.70	\$286,063	\$6.70	\$286,063	\$15.00	\$640,440
September 2004 - June 2005 Energy charge per kWh	47,589,684	\$0.06166	2,934,380				
July - August 2005 Energy charge per kWh	11,883,479	\$0.06658	791,202				
Total kWh	<u>59,473,163</u>			\$0.06658	3,959,723	\$0.07492	4,455,729
Billing adjustments			4,180		4,180		4,180
Total from base rates			4,015,825		\$4,249,966		\$5,100,349
Fuel adjustment			451,386				
Environmental surcharge			19,133				
Total revenues			<u>\$4,486,344</u>				
Amount					\$234,141		\$850,383
Percent					5.8%		20.0%

Schedule B  
 Small Commercial Rate  
**Rate 7**

Billing Determinants	Actual		Normalized Case No. 2004-00482		Proposed	
	Rate	Revenues	Rates	Revenues	Rates	Revenues

Customer Charge	0	\$6.70	\$0	\$6.70	\$0	\$15.00	\$0
September 2004 - June 2005							
Energy charge per ETS kWh	13,330	\$0.03700	493				
July - August 2005							
Energy charge per ETS kWh	0	\$0.03995	0				
Total kWh	<u>13,330</u>			\$0.03995	533	\$0.04495	599
Billing adjustments			0		0		0
Total from base rates			493		<u>\$533</u>		<u>\$599</u>
Fuel adjustment			112				
Environmental surcharge			0				
Total revenues			<u>\$605</u>				
Amount					\$39		\$67
Percent					8.0%		12.5%

Schedule LP  
 Large Power Rate  
**Rate 4; 16**

Billing Determinants	Actual		Normalized Case No. 2004-00482		Proposed	
	Rate	Revenues	Rate	Revenues	Rate	Revenues
Customer Charge	2,812	\$31,494	\$11.20	\$31,494	\$30.00	\$84,360
Demand Charge	449,224.96	\$2,695,350	\$6.00	\$2,695,350	\$6.00	\$2,695,350
September 2004 - June 2005 Energy charge per kWh	115,393,982	4,228,036	\$0.03664			
July - August 2005 Energy charge per kWh	27,502,001	1,142,983	\$0.04156			
Total kWh	<u>142,895,983</u>		\$0.04156	5,938,757	\$0.04156	5,938,757
Billing adjustments		<u>0</u>		<u>0</u>		<u>0</u>
Total from base rates		8,097,863		<u>\$8,665,601</u>		<u>\$8,718,467</u>
Fuel adjustment		1,089,808				
Environmental surcharge		<u>36,681</u>				
Total revenues		<u>\$9,224,352</u>				
Amount				\$567,738		\$52,866
Percent				7.0%		0.6%

Schedule LP-1  
 Large Power Rate (500 KW to 4,999 KW)  
**Rate 9**

Billing Determinants	Actual		Normalized Case No. 2004-00482		Proposed		
	Rate	Revenues	Rates	Revenues	Rates	Revenues	
Metering Charge	24	\$125.00	\$3,000	\$125.00	\$3,000	\$125.00	\$3,000
Substation Charge	12	\$944.00	11,328	\$944.00	11,328	\$944.00	11,328
Substation Charge	12	\$2,373.00	28,476	\$2,373.00	28,476	\$2,373.00	28,476
Demand Charge	69,926.66	\$5.39	376,905	\$5.39	376,905	\$5.39	376,905
September 2004 - June 2005 Energy charge per kWh	31,542,379	\$0.03221	1,015,980				
July - August 2005 Energy charge per kWh	6,999,371	\$0.03713	259,887				
Total kWh	<u>38,541,750</u>			\$0.03713	1,431,055	\$0.03713	1,431,055
Billing adjustments		<u>0</u>			<u>0</u>		<u>0</u>
Total from base rates		1,695,575		\$0.03713	1,431,055		<u>\$1,850,764</u>
Fuel adjustment		282,928					
Environmental surcharge		<u>7,387</u>					
Total revenues		<u>\$1,985,890</u>					
Amount					\$155,189		\$0
Percent					9.2%		0.0%

Schedule LP-2  
 Large Power Rate (5,000 KW to 9,999 KW)  
**Rate 10**

Billing Determinants	Actual		Normalized Case No. 2004-00482		Proposed	
	Rate	Revenues	Rates	Revenues	Rates	Revenues
Metering Charge	12	\$125.00	\$1,500	\$125.00	\$1,500	\$1,500
Substation Charge	7	\$2,373.00	16,611	\$2,373.00	16,611	16,611
Substation Charge	5	\$2,855.00	14,275	\$2,855.00	14,275	14,275
Demand Charge	88,243.00	\$5.39	475,630	\$5.39	475,630	475,630
Power factor penalty			53,418		53,418	53,418
First 400 kwh per KW (to 5,000 kwh): September 2004 - June 2005	20,000,000	\$0.03221	644,200			
Energy charge per kWh July - August 2005	4,000,000	\$0.03713	148,520			
Energy charge per kWh	<u>24,000,000</u>			\$0.03713	891,120	\$0.03713
All remaining kwh: September 2004 - June 2005	14,999,626	\$0.02620	392,990			
Energy charge per kWh July - August 2005	4,520,984	\$0.03112	140,693			
Energy charge per kWh	<u>19,520,610</u>			\$0.03112	607,481	\$0.03112
Total kwh	<u>43,520,610</u>		<u>0</u>		<u>0</u>	<u>0</u>
Billing adjustments			1,887,837			
Total from base rates			<u>303,873</u>		<u>\$2,060,035</u>	<u>\$2,060,035</u>
Fuel adjustment			8,747			
Environmental surcharge			<u>\$2,200,457</u>			
Total revenues Amount					\$172,198	\$0
Percent					9.1%	0.0%

Schedule LP-3  
 Large Power Rate (500 KW to 2,999 KW)  
**Rate 12; 15**

	Billing Determinants	Actual		Normalized Case No. 2004-00482		Proposed	
		Rate	Revenues	Rates	Revenues	Rates	Revenues
Metering Charge	60	\$125.00	\$7,500	\$125.00	\$7,500	\$125.00	\$7,500
Substation Charge	24	\$315.00	7,560	\$315.00	7,560	\$315.00	7,560
Substation Charge	36	\$944.00	33,984	\$944.00	33,984	\$944.00	33,984
Demand Charge:							
Contract demand	71,916.00	\$5.39	387,627	\$5.39	387,627	\$5.39	387,627
Excess demand	8,839.41	\$7.82	69,124	\$7.82	69,124	\$7.82	69,124
Interruptible discount	17,450.00	(\$3.15)	(54,968)	(\$3.15)	(54,968)	(\$3.15)	(54,968)
Power factor penalty	1,834.60		14,347		14,347		14,347
September 2004 - June 2005							
Energy charge per kWh	38,647,298	\$0.02740	1,058,936				
July - August 2005							
Energy charge per kWh	7,670,557	\$0.03232	247,912				
Total kWh	46,317,855			\$0.03232	1,496,993	\$0.03459	1,602,135
Billing adjustments			0		0		0
Total from base rates			1,772,023		\$1,962,168		2,067,309
Fuel adjustment			349,644				
Environmental surcharge			7,541				
Total revenues			\$2,129,208				
Amount					\$190,145		\$105,142
Percent					10.7%		5.4%

Billing Determinants	Actual		Normalized Case No. 2004-00482		Proposed	
	Rate	Revenues	Rates	Revenues	Rates	Revenues
Consumer Charge	5	\$11.20	\$56	\$11.20	\$56	\$150
Monthly minimum bill	7	\$600.00	\$4,200	\$600.00	\$4,200	\$4,200
Demand Charge	2,406	\$11.49	\$27,645	\$11.49	\$27,645	\$27,645
September 2004 - June 2005						
First 3,500 kwh per month	18,300	\$0.04011	734			
Next 6,500 kwh per month	32,500	\$0.03905	1,269			
Next 140,000 kwh per month	236,400	\$0.03797	8,976			
Next 150,000 kwh per month	0	\$0.03744	0			
Over 300,000 kwh per month	0	\$0.03690	0			
July - August 2005						
First 3,500 kwh per month	600	\$0.04503	27	\$0.04503	851	851
Next 6,500 kwh per month	0	\$0.04397	0	\$0.04397	1,429	1,429
Next 140,000 kwh per month	0	\$0.04289	0	\$0.04289	10,139	10,139
Next 150,000 kwh per month	0	\$0.04236	0	\$0.04236	0	0
Over 300,000 kwh per month	0	\$0.04182	0	\$0.04182	0	0
Total kwh	<u>287,800</u>					

Billing adjustments	0	0
Total from base rates	42,907	<u>\$44,320</u>
Fuel adjustment	2,562	
Environmental surcharge	27	
Total revenues	<u>\$45,496</u>	
Amount	\$1,413	\$94
Percent	3.3%	0.2%

Schedule OPS  
 Optional Power Service  
**Rate 5**

Billing Determinants	Actual		Normalized Case No. 2004-00482		Proposed	
	Rate	Revenues	Rates	Revenues	Rates	Revenues

Customer Charge	1,807	\$11.20	\$20,238	\$11.20	\$20,238	\$30.00	\$54,210
September 2004 - June 2005 Energy charge per kWh	13,679,278	\$0.06823	933,337				
July - August 2005 Energy charge per kWh	3,062,654	\$0.07315	224,033				
Total kWh	<u>16,741,932</u>			\$0.07315	1,224,672	\$0.07699	1,288,961
Billing adjustments			<u>5,288</u>		<u>5,288</u>		<u>5,288</u>
Total from base rates			1,182,897		<u>\$1,250,199</u>		<u>\$1,348,459</u>
Fuel adjustment			127,008				
Environmental surcharge			<u>5,232</u>				
Total revenues			<u>\$1,315,137</u>				
Amount					\$67,302		\$98,261
Percent					5.7%		7.9%



South Kentucky Rural Electric  
Case No. 2005-00450  
Billing Analysis  
August 31, 2005

Exhibit J  
page 13 of 15  
Witness: Jim Adkins

Schedule OL  
Outdoor Lighting Service

Billing Determinants	Actual		Normalized Case No. 2004-00468		Proposed	
	Rate	Revenues	Rates	Revenues	Rates	Revenues

September 2004 - June 2005

Mercury Vapor or Sodium - 7,000 - 10,000

Metered	1,636	\$4.63	\$7,575	\$4.63
Unmetered	210,280	\$5.48	1,152,334	\$5.48

Directional Flood Light, w/ bracket

250 Watt Sodium

Metered	604	\$5.88	3,552	\$5.88
Unmetered	9,312	\$8.61	80,176	\$8.61

250 Watt Metal Halide

Metered	694	\$6.55	4,546	\$6.55
Unmetered	139	\$10.24	1,423	\$10.24

400 Watt Metal Halide

Metered	502	\$6.55	3,288	\$6.55
Unmetered	547	\$12.53	6,854	\$12.53

1,000 Watt Metal Halide

Metered	131	\$7.31	958	\$7.31
Unmetered	250	\$21.49	5,373	\$21.49

July - August 2005

Mercury Vapor - 7,000 - 10,000

Metered	327	\$4.63	1,514	\$4.63	\$9,089	\$6.48	\$12,720
Unmetered	42,585	\$5.92	252,103	\$5.92	1,496,961	\$8.29	2,096,251

Directional Flood Light, w/ bracket

250 Watt Sodium

Metered	120	\$5.88	706	\$5.88	4,257	\$8.23	5,959
Unmetered	1,899	\$9.39	17,832	\$9.39	105,271	\$13.15	147,425

250 Watt Metal Halide

Metered	160	\$6.55	1,048	\$6.55	5,594	\$9.17	7,831
Unmetered	32	\$10.24	328	\$10.24	1,751	\$14.34	2,452

400 Watt Metal Halide

Metered	117	\$6.55	766	\$6.55	4,054	\$9.17	5,676
Unmetered	142	\$12.53	1,779	\$12.53	8,633	\$17.54	12,085

1,000 Watt Metal Halide

Metered	46	\$7.31	336	\$7.31	1,294	\$10.23	1,811
Unmetered	52	\$21.49	1,117	\$21.49	6,490	\$30.09	9,087

kWh	<u>18,275,214</u>						
Billing adjustments				0		0	
Total from base rates		1,543,608		<u>\$1,643,394</u>		<u>\$2,301,297</u>	
Fuel adjustment		126,124					
Environmental Surcharge		0					
Total revenues		<u>\$1,669,732</u>					
Amount				\$99,787		\$657,903	
Percent				6.5%		40.0%	

Schedule STL  
 Street Lighting

Billing Determinants	Actual		Normalized Case No. 2004-00468		Proposed	
	Rate	Revenues	Rate	Revenues	Rate	Revenues

September 2004 - June 2005  
 Mercury Vapor - 7,000 - 10,000  
 Mercury Vapor - 15,000 - 28,000

July - August 2005  
 Mercury Vapor - 7,000 - 10,000  
 Mercury Vapor - 15,000 - 28,000

696,922  
 kWh

Billing adjustments

Total from base rates

Fuel adjustment  
 Environmental Surcharge

Total revenues

Amount  
 Percent

5,931      \$3.86      \$22,894  
 1,101      \$5.90      6,496

1,190      \$4.20      4,998  
 246      \$6.63      1,631

0

36,019      \$38,839

0

\$36,019

\$2,820  
 7.8%

\$19,426  
 50.0%

\$6.30      \$44,862  
 \$9.95      13,403

\$58,265

South Kentucky Rural Electric  
Case No. 2005-00450  
Billing Analysis  
August 31, 2005

Exhibit J  
page 15 of 15  
Witness: Jim Adkins

Schedule DSTL  
Decorative Street Lighting

Billing Determinants	Actual		Normalized Case No. 2004-00468		Proposed	
	Rate	Revenues	Rates	Revenues	Rates	Revenues

September 2004 - June 2005

HPS Cobra Head on existing pole:

7,000 - 10,000 lumens

Metered	0	\$7.68	\$0
Unmetered	0	\$9.02	0

15,000 - 28,000 lumens

Metered	0	\$8.28	0
Unmetered	443	\$11.70	5,183

HPS Cobra Head on aluminum pole:

7,000 - 10,000 lumens

Metered	0	\$13.31	0
Unmetered	0	\$14.65	0

15,000 - 28,000 lumens

Metered	0	\$13.31	0
Unmetered	410	\$16.73	6,859

Lexington Light on aluminum pole:

7,000 - 10,000 lumens

Metered	0	\$8.23	0
Unmetered	0	\$9.57	0

Acorn Light on aluminum pole:

7,000 - 10,000 lumens

Metered	45	\$18.46	831
Unmetered	102	\$19.80	2,020

Metal Halide Lamp:

100 Watt Acorn

Metered	0	\$6.37	0
Unmetered	143	\$7.95	1,137

14' Smooth Black Pole

	0	\$9.47	0
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14' Fluted Pole	0	\$12.26	0
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100 Watt Lexington

Metered	0	\$4.65	0
Unmetered	0	\$6.23	0

14' Smooth Black Pole	0	\$9.47	0
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14' Fluted Pole	0	\$12.26	0
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400 Watt Galleria

Metered	0	\$10.03	0
Unmetered	120	\$16.01	1,921

1,000 Watt Metal halide

	0	\$21.49	0
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1,000 Watt Galleria

Metered	0	\$11.72	0
Unmetered	30	\$25.90	777

30' Square Street pole	0	\$14.05	0
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250 Watt Cobra Head w/ 30' Aluminum

	416	\$18.50	7,696
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400 Watt Cobra head Mercury Vapor w/ 8' Arm

Metered	0	\$7.26	0
Unmetered	62	\$13.24	821

12' Arm

Metered	0	\$9.75	0
Unmetered	0	\$15.73	0

16' Arm

Metered	0	\$10.52	0
Unmetered	0	\$16.50	0

30' Aluminum Pole

	0	\$21.42	0
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July - August 2005

HPS Cobra Head on existing pole:

7,000 - 10,000 lumens							
Metered	0	\$7.68	0	\$7.68	\$0	\$8.45	\$0
Unmetered	0	\$9.02	0	\$9.02	0	\$9.92	0
15,000 - 28,000 lumens							
Metered	0	\$8.28	0	\$8.28	0	\$9.11	0
Unmetered	90	\$11.70	1,053	\$11.70	6,236	\$12.87	6,860

HPS Cobra Head on aluminum pole:

7,000 - 10,000 lumens							
Metered	0	\$13.31	0	\$13.31	0	\$14.64	0
Unmetered	0	\$14.65	0	\$14.65	0	\$16.12	0
15,000 - 28,000 lumens							
Metered	0	\$13.31	0	\$13.31	0	\$14.64	0
Unmetered	82	\$16.73	1,372	\$16.73	8,231	\$18.40	9,053

Lexington Light on aluminum pole:

7,000 - 10,000 lumens							
Metered	0	\$8.23	0	\$8.23	0	\$9.05	0
Unmetered	0	\$9.57	0	\$9.57	0	\$10.53	0

Acorn Light on aluminum pole:

7,000 - 10,000 lumens							
Metered	10	\$18.46	185	\$18.46	1,015	\$20.31	1,117
Unmetered	30	\$19.80	594	\$19.80	2,614	\$21.78	2,875

Metal Halide Lamp:

100 Watt Acorn							
Metered	0	\$6.37	0	\$6.37	0	\$7.01	0
Unmetered	34	\$7.95	270	\$7.95	1,407	\$8.75	1,549
14' Smooth Black Pole	0	\$9.47	0	\$9.47	0	\$10.42	0
14' Fluted Pole	0	\$12.26	0	\$12.26	0	\$13.49	0
100 Watt Lexington							
Metered	0	\$4.65	0	\$4.65	0	\$5.12	0
Unmetered	0	\$6.23	0	\$6.23	0	\$6.85	0
14' Smooth Black Pole	0	\$9.47	0	\$9.47	0	\$10.42	0
14' Fluted Pole	0	\$12.26	0	\$12.26	0	\$13.49	0
400 Watt Galleria							
Metered	0	\$10.03	0	\$10.03	0	\$11.03	0
Unmetered	24	\$16.01	384	\$16.01	2,305	\$17.61	2,536
1,000 Watt Metal halide	0	\$21.49	0	\$21.49	0	\$23.64	0
1,000 Watt Galleria							
Metered	0	\$11.72	0	\$11.72	0	\$12.89	0
Unmetered	6	\$25.90	155	\$25.90	932	\$28.49	1,026
30' Square Street pole	0	\$14.05	0	\$14.05	0	\$15.46	0
250 Watt Cobra Head w/ 30' Aluminur	86	\$18.50	1,591	\$18.50	9,287	\$20.35	10,216
400 Watt Cobra head Mercury Vapor w/							
8' Arm							
Metered	0	\$7.26	0	\$7.26	0	\$7.99	0
Unmetered	16	\$13.24	212	\$13.24	1,033	\$14.56	1,136
12' Arm							
Metered	0	\$9.75	0	\$9.75	0	\$10.73	0
Unmetered	0	\$15.73	0	\$15.73	0	\$17.30	0
16' Arm							
Metered	0	\$10.52	0	\$10.52	0	\$11.57	0
Unmetered	0	\$16.50	0	\$16.50	0	\$18.15	0
30' Aluminum Pole	0	\$21.42	0	\$21.42	0	\$23.56	0

kWh		<u>207,230</u>					
Billing adjustments					0		0
Total from base rates			33,061		<u>\$33,061</u>		<u>\$36,366</u>
Fuel adjustment			0				
Environmental Surcharge							
Total revenues			<u>\$33,061</u>				

Amount					\$0		\$3,305
Percent					0.0%		10.0%

**South Kentucky Rural Electric****Case No. 2005-00450****Computation of Rate of Return**

August 31, 2005

	<u>Actual</u> <u>Test Year</u>	<u>Adjusted</u> <u>Test Year</u>
Net margins	(\$652,242)	\$4,053,942
Non-cash patronage dividends	0	0
Interest on long-term debt	<u>3,844,375</u>	<u>4,053,942</u>
Total	<u>3,192,133</u>	<u>8,107,884</u>
<b>Net rate base</b>	<u>115,527,211</u>	<u>114,120,520</u>
Rate of return	<u>2.76%</u>	<u>7.10%</u>
<b>Equity Capitalization</b>	<u>113,928,225</u>	<u>118,634,409</u>
Rate of return	<u>2.80%</u>	<u>6.83%</u>

**South Kentucky Rural Electric**  
**Case No. 2005-00450**  
**Determination of Rate Base**  
 August 31, 2005

	<u>Actual</u> <u>Test Year</u>	<u>Adjusted</u> <u>Test Year</u>
Gross rate base:		
Total electric plant	\$143,725,235	\$143,919,967
Material and supplies (13 months average for test year)	1,365,614	1,365,614
Prepayments (13 months average for test year)	418,690	418,690
Working capital: 12.5% of operating expense less cost of power	1,735,391	439,478
	147,244,930	146,143,749
Deductions from rate base:		
Accumulated depreciation	31,037,778	31,343,288
Consumer advances	679,941	679,941
Net rate base	\$115,527,211	\$114,120,520

	<u>Material</u>	<u>Prepayments</u>
August 2004	1,249,018	449,199
September	1,186,747	374,501
October	1,294,988	297,267
November	1,266,156	573,210
December	1,234,060	478,821
January 2005	1,301,423	466,751
February	1,326,212	393,770
March	1,351,342	320,995
April	1,387,072	247,974
May	1,407,793	174,872
June	1,462,578	599,198
July	1,650,626	571,488
August	1,634,970	494,923
Average	1,365,614	418,690

**South Kentucky Rural Electric  
Case No. 2005-00450  
Computation of Rate of Return  
August 31, 2005**

Test Year	Calendar Year				
	1st 2004	2nd 2003	3rd 2002	4th 2001	5th 2000

Net margins	(\$652,242)	\$1,120,506	\$2,269,697	\$4,711,900	\$5,347,497	\$1,669,103
Interest on long-term debt	3,844,375	3,296,678	3,196,556	2,909,489	2,843,565	2,497,281
Total	3,192,133	4,417,184	5,466,253	7,621,389	8,191,062	4,166,384

Net rate base	115,527,211	110,557,849	103,338,362	95,461,117	90,436,683	83,801,588
<b>Rate of return</b>	<u>2.76%</u>	<u>4.00%</u>	<u>5.29%</u>	<u>7.98%</u>	<u>9.06%</u>	<u>4.97%</u>

Test Year	Calendar Year				
	1st 2004	2nd 2003	3rd 2002	4th 2001	5th 2000

Return excluding G & T patronage dividends:						
Net margins	(\$652,242)	\$1,120,506	\$2,269,697	\$4,711,900	\$5,347,497	\$1,669,103
G & T patronage dividends	0	0	(3,223,668)	(3,995,348)	(3,221,219)	0
Interest on long-term debt	3,844,375	3,296,678	3,196,556	2,909,489	2,843,565	2,497,281
Total	3,192,133	4,417,184	2,242,585	3,626,041	4,969,843	4,166,384

Net rate base	115,527,211	110,557,849	103,338,362	95,461,117	90,436,683	83,801,588
<b>Rate of return, excluding G &amp; T</b>	<u>2.76%</u>	<u>4.00%</u>	<u>2.17%</u>	<u>3.80%</u>	<u>5.50%</u>	<u>4.97%</u>

**South Kentucky Rural Electric  
Case No. 2005-00450**

**Determination of Rate Base  
August 31, 2005**

Test Year	Calendar Year				
	1st 2004	2nd 2003	3rd 2002	4th 2001	5th 2000

Gross rate base:

Total electric plant	\$143,725,235	\$137,489,299	\$129,197,471	\$119,553,203	\$113,534,195	\$105,456,426
Material and supplies (13 months average for test year)	1,365,614	1,234,060	1,164,313	951,450	783,243	821,011
Prepayments (13 months average for test year)	418,690	478,821	121,634	138,172	88,781	83,454
Working capital: 12.5% of operating expense less cost of power	1,735,391	1,738,230	1,788,214	1,676,494	1,576,551	1,435,988

147,244,930 140,940,410 132,271,632 122,319,319 115,982,770 107,796,879

Deductions from rate base:

Accumulated depreciation	31,037,778	29,739,486	28,261,123	26,239,642	24,942,915	23,397,432
Consumer advances	679,941	643,075	672,147	618,560	603,172	597,859

**Net rate base**  
\$115,527,211 \$110,557,849 \$103,338,362 \$95,461,117 \$90,436,683 \$83,801,588

**South Kentucky Rural Electric**  
**Case No. 2005-00450**  
**TIER and DSC Calculations**  
 August 31, 2005

	<u>Actual</u> <u>Test Year</u>	<u>Adjusted</u> <u>Test Year</u>
<b>TIER:</b>		
Margins, excluding G&T		
capital credits and extraordinary item:	(\$652,242)	\$4,053,942
Interest on long term debt	3,844,375	4,053,942
 TIER	 0.83	 2.00

**DSC:**

Margins, excluding G&T		
capital credits	(\$652,242)	\$4,053,942
Depreciation expense	3,975,366	4,249,804
Interest on long term debt	3,844,375	4,053,942
Principal payment on		
long term debt	2,345,114	2,345,114
 DSC	 1.16	 1.93

DSC = (Margins + depreciation + interest  
 / interest + principal payments)

**South Kentucky Rural Electric  
Case No. 2005-00450  
TIER and DSC Calculations**

August 31, 2005

Test Year 2005	Calendar Year				
	1st 2004	2nd 2003	3rd 2002	4th 2001	5th 2000

**TIER calculations:**

Margins, excluding G&T  
capital credits  
Interest on long term debt

(\$652,242)	\$1,120,506	(\$953,971)	\$716,552	\$2,126,278	\$1,669,103
3,844,375	3,296,678	3,196,556	2,909,489	2,843,565	2,497,281

**Modified TIER**

0.83	1.34	0.70	1.25	1.75	1.67
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Margins, including G&T  
capital credits  
Interest on long term debt

(\$652,242)	\$1,120,506	\$2,269,697	\$4,711,900	\$5,347,497	\$1,669,103
3,844,375	3,296,678	3,196,556	2,909,489	2,843,565	2,497,281

**TIER**

0.83	1.34	1.71	2.62	2.88	1.67
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**DSC calculations:**

DSC = ((Margins + depreciation + interest)  
/ (interest + principal payments))

Margins, excluding G&T  
capital credits  
Depreciation expense  
Interest on long term debt  
Principal payment on  
long term debt

(\$652,242)	\$1,120,506	(\$953,971)	\$716,552	\$2,126,278	\$1,669,103
3,975,366	999,399	966,208	927,606	884,249	839,039
3,844,375	3,296,678	3,196,556	2,909,489	2,843,565	2,497,281
2,345,114	2,179,049	1,849,168	1,493,280	1,441,720	1,350,670

**Modified DSC**

<u>1.16</u>	<u>0.99</u>	<u>0.64</u>	<u>1.03</u>	<u>1.37</u>	<u>1.30</u>
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Margins, including G&T  
capital credits  
Depreciation expense  
Interest on long term debt  
Principal payment on  
long term debt

(\$652,242)	\$1,120,506	\$2,269,697	\$4,711,900	\$5,347,497	\$1,669,103
3,975,366	999,399	966,208	927,606	884,249	839,039
3,844,375	3,296,678	3,196,556	2,909,489	2,843,565	2,497,281
2,345,114	2,179,049	1,849,168	1,493,280	1,441,720	1,350,670

**DSC**

<u>1.16</u>	<u>0.99</u>	<u>1.27</u>	<u>1.94</u>	<u>2.12</u>	<u>1.30</u>
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**South Kentucky Rural Electric**  
**Case No. 2005-00450**  
**Equity Capitalization**  
**August 31, 2005**

Proposed	Test Year 2005	Calendar Year			
		2004	2003	2002	2001

\$54,315,685	\$49,609,501	\$50,596,507	\$50,187,739	\$49,360,760	\$46,606,625	\$42,639,026
18,006,351	18,006,351	18,006,351	14,782,683	10,787,335	7,566,116	7,566,116
36,309,334	31,603,150	32,590,156	35,405,056	38,573,425	39,040,509	35,072,910
82,325,075	82,325,075	83,352,901	74,477,950	70,334,525	60,791,734	46,233,454
<u>\$118,634,409</u>	<u>\$113,928,225</u>	<u>\$115,943,057</u>	<u>\$109,883,006</u>	<u>\$108,907,950</u>	<u>\$99,832,243</u>	<u>\$81,306,364</u>

31%	28%	28%	32%	35%	39%	43%
\$54,315,685	\$49,609,501	\$50,596,507	\$50,187,739	\$49,360,760	\$46,606,625	\$42,639,026
82,325,075	82,325,075	83,352,901	74,477,950	70,334,525	60,791,734	46,233,454
<u>\$136,640,760</u>	<u>\$131,934,576</u>	<u>\$133,949,408</u>	<u>\$124,665,689</u>	<u>\$119,695,285</u>	<u>\$107,398,359</u>	<u>\$88,872,480</u>

40%	38%	38%	40%	41%	43%	48%
\$136,640,760	\$131,934,576	\$133,949,408	\$124,665,689	\$119,695,285	\$107,398,359	\$88,872,480
153,127,862	148,384,478	148,995,073	139,548,438	132,367,514	119,772,672	101,651,576
<u>\$289,768,622</u>	<u>\$280,319,054</u>	<u>\$282,944,481</u>	<u>\$264,214,127</u>	<u>\$252,062,799</u>	<u>\$227,171,031</u>	<u>\$190,524,056</u>

47%	47%	47%	47%	47%	47%	47%
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Equity Capitalization:  
without G&T patronage capital

Total margins and equities  
Less G&T Patronage capital

Equity Capitalization ratio  
Equity Capitalization:  
with G&T patronage capital

Total margins and equities  
Long-term debt

Equity capitalization ratio  
Equity to Total Assets:  
with G&T patronage capital

Total margins and debt  
Total assets

Equity to total asset ratio

1  
2  
3  
4 **South Kentucky Rural Electric**  
5 **Case No. 2005-00450**  
6 **Reconciliation of Rate Base and Capital**  
7 **August 31, 2005**  
8  
9  
10

11 Reconciliation of Rate Base and Capital used to determine revenue requirements  
12 are as follows:

13		
14	<b>Equity Capitalization, with</b>	
15	<b>G&amp;T capital credits</b>	131,934,576
16		
17	G&T capital credits	<u>(18,006,351)</u>
18		
19		113,928,225
20	Reconciling items:	
21	Capital credits from associated organizations	
22	(Allocated but unpaid)	(3,984,496)
23	Working capital requirements	1,735,391
24	Material and supplies, 13 month average	1,365,614
25	Prepayments, 13 month average	418,690
26	Cash	(5,207,173)
27	Notes receivable	(24,417)
28	Accounts receivable	(5,605,360)
29	Material and supplies	(1,634,970)
30	Prepayments	(1,234,254)
31	Accumulated operating provisions	3,753,696
32	Short term borrowings	802,692
33	Accounts payable	6,396,415
34	Consumer deposits	607,015
35	Accrued expenses	1,630,678
36	Other deferred credits	2,579,465
37		<hr/>
38		
39	<b>Net Rate Base</b>	<u><u>115,527,211</u></u>
40		
41		

ACCOUNT	DESCRIPTION	RUS B/S LINE	INC LINE	TVA B/S LINE	INC LINE	MARGIN ACCOUNT	INACTIVE	BANK TRANSIT BANK ACCOUNT	BANK NAME
106.00	COMPL CONST NOT CLASF - ELECTRIC	1.00	1.00	1.00	106.00			0	
107.00	CONST WORK IN PROGRESS-INDIRECT	2.00	2.00	2.00	107.00			0	
107.11	CONST WIP - CONTRACT (SCADA)	2.00	2.00	2.00	107.11			0	
107.12	CONST WIP-CONTRACT(SCADA)PHASEII	2.00	2.00	2.00	107.12			0	
107.13	CONSTRUCT WIP-LINK SYSTEM	2.00	2.00	2.00	107.13			0	
107.14	CONSTRUCTION WIP - RADIO SYSTEM	2.00	2.00	2.00	107.14			0	
107.20	CONST WORK IN PROGRESS- F A	2.00	2.00	2.00	107.20			0	
107.30	CONST WORK IN PROGRESS- SP EQUIP	2.00	2.00	2.00	107.30			0	
107.80	CONSTRUCTION WIP - BUILDINGS	2.00	2.00	2.00	107.80			0	
107.81	CONSTRUCTION WIP - MCCREARY BLDG	2.00	2.00	2.00	107.81			0	
108.00	RETIRE WORK IN PROGRESS- INDIRECT	4.00	4.00	4.00	108.00			0	
108.60	ACC PROV FOR DEPR- DIST PLANT	4.00	4.00	4.00	108.60			0	
108.70	ACC PROV FOR DEPR- OFFICE FURN	4.00	4.00	4.00	108.70			0	
108.71	ACC PROV FOR DEPR- TRANS EQUIP	4.00	4.00	4.00	108.71			0	
108.72	ACC PROV FOR DEPR- TOOLS POWER DR	4.00	4.00	4.00	108.72			0	
108.73	ACC PROV FOR DEPR- STR & IMPR	4.00	4.00	4.00	108.73			0	
108.74	ACC PROV FOR DEPR- LAB EQUIP	4.00	4.00	4.00	108.74			0	
108.75	ACC PROV FOR DEPR- COMM EQUIP	4.00	4.00	4.00	108.75			0	
108.76	ACC PROV FOR DEPR- MISC EQUIP	4.00	4.00	4.00	108.76			0	
108.77	ACC PROV FOR DEPR- STORES EQUIP	4.00	4.00	4.00	108.77			0	
108.78	ACC PROV FOR DEPR- TOOL, SH, GAR EQ	4.00	4.00	4.00	108.78			0	
108.79	ACC PROV FOR DEPR- COMP & PROC EQ	4.00	4.00	4.00	108.79			0	
108.80	RETIREMENT WORK IN PROGRESS	4.00	4.00	4.00	108.80			0	
108.90	ACC PROV FOR DEPR- COMPUTER - AVL	4.00	4.00	4.00	108.90			0	
108.99	ACC PROV FOR DEPR- GEN PLANT CORR	4.00	4.00	4.00	108.99			0	
121.00	NONUTILITY PROPERTY (FARM LAND)	6.00	6.00	6.00	121.00			0	

ACCOUNT	DESCRIPTION	RUS B/S LINE	INC LINE	TVA B/S LINE	INC LINE	MARGIN ACCOUNT	INACTIVE BANK ACCOUNT	BANK NAME
121.01	NONUTIL PROP (RENTHOUSE LAND-931)	6.00	6.00	6.00	121.01			
121.02	NONUTIL PROP (RENTHOUSE LAND-933)	6.00	6.00	6.00	121.02			
121.03	NONUTIL PROP (RTHOUSE LAND-RSPRGS)	6.00	6.00	6.00	121.03			
121.20	NONUTILITY PROP (T S & C BARN)	6.00	6.00	6.00	121.20			
121.21	NONUTIL PROP (RENTHOUSE BLDG-931)	6.00	6.00	6.00	121.21			
121.22	NONUTIL PROP (RENTHOUSE BLDG-933)	6.00	6.00	6.00	121.22			
121.23	NU PROP (RH BLDG-1522W ST WARRINE)	6.00	6.00	6.00	121.23			
121.24	NU PROP (SILENT GUARD SEC SYSTEMS)	6.00	6.00	6.00	121.24			
121.25	NONUTIL PROP (RENTAL METER BASES)	6.00	6.00	6.00	121.25			
121.26	NONUTIL PROP (LIFEGARD MED ALERT)	6.00	6.00	6.00	121.26			
121.27	PROP (RENTHOUSE -SUNFLOWER DR)	6.00	6.00	6.00	121.27			
122.00	ACC PROV FOR DEPR NONUT PROP	6.00	6.00	6.00	122.00			
122.01	ACC PROV DEPR (NONUT PROP RH 931)	6.00	6.00	6.00	122.01			
122.02	ACC PROV DEPR (NONUT PROP RH-933)	6.00	6.00	6.00	122.02			
122.03	ACC PROV DEPR (NU PROP RH-1522)	6.00	6.00	6.00	122.03			
122.04	ACC PROV DEPR (SILENT GUARD SEC S)	6.00	6.00	6.00	122.04			
122.05	ACC PROV DEPR (RENTAL METER BASES)	6.00	6.00	6.00	122.05			
122.06	ACC PROV DEPR (LIFEGARD MED ALERT)	6.00	6.00	6.00	122.06			
122.07	ACC PROV DEPR (NUPROP RH -SUNFLOWER)	6.00	6.00	6.00	122.07			
123.10	PATR CAP FROM ASSOC COOPS	8.00	7.00	7.00	123.10			
123.11	PATRONAGE CAPITAL-ASSOC ORG (KTI)	7.00	7.00	7.00	123.11			
123.12	PATR CAP ASSOC ORG-SO KY SERVICE	7.00	7.00	7.00	123.12			
123.21	SUB TO CTC'S - CFC	39.00	39.00	39.00	123.21			
123.22	INVEST IN CTC'S - CFC	9.00	9.00	9.00	123.22			
123.23	OTHER INVEST IN ASSOC ORG	9.00	9.00	9.00	123.23			
123.24	INVEST CTC NON-INTEREST BEARING	9.00	9.00	9.00	123.24			

0

0

0



ACCOUNT	DESCRIPTION	---RUS---	INC	---TVA---	MARGIN	INACTIVE	BANK TRANSIT	BANK NAME
		B/S	LINE	B/S	ACCOUNT		BANK ACCOUNT	
		LINE	LINE	LINE				
136.00	TEMP CASH INVEST-CFC COMM PAPERS	18.00	17.00		136.00			
136.01	TEMP INVEST-KAEC CD DETOX CERT	18.00	17.00		136.01			
136.02	TEMP INVEST-RCCU	18.00	18.00		136.02			
136.03	TEMP INVEST-MCCREARY NAT'L BANK	18.00	18.00		136.03			
136.10	TEMP INVEST-CUMBERLAND SECURITY	18.00	17.00		136.10			
136.11	TEMP INVEST-BANK OF MCCREARY CO	18.00	17.00		136.11			
136.12	TEMP INVEST-CITIZENS BANK ALBANY	18.00	17.00		136.12			
136.13	TEMP INVEST-MONTICELLO BANKING	18.00	17.00		136.13			
136.14	TEMP INVEST-1ST NATL BK OF R SPG	18.00	17.00		136.14			
136.15	TEMP INVEST-1ST ST BANK-WAYNE CO	18.00	17.00		136.15			
136.16	TEMP INVEST-CITIZENS NAT'L-SOM	18.00	17.00		136.16			
136.17	TEMP INVEST-BANK OF JAMESTOWN	18.00	17.00		136.17			
136.18	TEMP INVEST-BANK OF CLINTON CO	18.00	17.00		136.18			
136.19	TEMP INVEST-CUMB SECURITY (C CR)	18.00	18.00		136.19			
136.20	TEMP INVEST-CITIZENS NATL(ESCROW)	18.00	18.00		136.20			
136.21	TEMP INVEST-1ST NAT'L BANK-RS-CD	18.00	18.00		136.21			
136.22	TEMP INVEST - CASEY CO BANK	18.00	18.00		136.22			
136.23	TEMP INVEST-FARMERS DEPOSIT BANK	18.00	18.00		136.23			
136.24	TEMP INVEST-CITIZENS BANK-ALBANY	18.00	18.00		136.24			
136.25	TEMP INVEST-1ST SOUTHERN NAT'L	18.00	18.00		136.25			
136.26	TEMP INVEST - MONTICELLO BANKING	18.00	18.00		136.26			
136.27	TEMP INVEST-BANK OF MCCREARY CO	18.00	18.00		136.27			
136.90	TEMP INVEST-CITIZENS NAT'L(C CR)	18.00	18.00		136.90			
141.00	NOTES RECEIVABLE (S-5 LOANS)	19.00	18.00		141.00			
141.01	NOTES RECEIVABLE - CONTRACTOR	19.00	19.00		141.01			
141.02	NOTES RECEIVABLE (S-12 LOANS)	19.00	18.00		141.02			

ACCOUNT	DESCRIPTION	-----RUS----- B/S LINE	INC LINE	-----TWA----- B/S LINE	INC LINE	MARGIN ACCOUNT	INACTIVE	BANK TRANSIT BANK ACCOUNT	BANK NAME
141.10	ACC PROV FOR UNCL NOTES CREDIT	19.00		18.00		141.10			
141.11	ACC PROV FOR UNCL NOTES-CR(S-12)	19.00		18.00		141.11			
141.98	NOTES REC-SALES (CLEARING S-12)	19.00		18.00		141.98			
141.99	NOTES RECEIVABLE-SALES (CLEARING	19.00		18.00		141.99			
142.10	CUSTOMER ACCTS REC - ELECTRIC	20.00		20.00		142.10			
142.11	CUSTOMER ACCTS REC-ADJ CLEARING	20.00		19.00		142.11			
142.12	CUSTOMER ACCTS REC-SUBSIDY	20.00		20.00		142.12			
142.13	CUSTOMER ACCTS REC-CRISIS	20.00		20.00		142.13			
142.14	CUST ACCTS REC-SUMMER COOLING	20.00		20.00		142.14			
142.20	CUST ACCTS REC-OTHER (RET CHECKS)	21.00		20.00		142.20			
142.30	ACCOUNTS RECEIVABLE-BILLING LAG	20.00		20.00		142.30			
142.31	ACCOUNTS REC-FUEL COSTADJUSTMENT	20.00		20.00		142.31			
143.00	OTHER ACCOUNTS RECEIVABLE	21.00		20.00		143.00			
143.01	OTHER A/R - SO KY SERVICES	21.00		21.00		143.01			
143.02	OTHER ACCT'S REC-T- SHIRTS	21.00		21.00		143.02			
143.03	OTHER ACCTS RECEIVABLE -- NOVA	21.00		21.00		143.03			
143.04	OTHER ACCOUNTS RECEIVABLE - ETS	21.00		21.00		143.04			
143.05	OTHER ACCTS REC - BC/BS HIGH	21.00		21.00		143.05			
143.06	OTHER ACCTS REC - SILENT GUARD	21.00		21.00		143.06			
143.07	OTHER ACCTS REC - GRAYSON RECC	21.00		21.00		143.07			
143.08	OTHER ACCTS REC - TAYLOR CO RECC	21.00		21.00		143.08			
143.09	OTHER A/R -MED & DENTAL, FULL PAY	21.00		21.00		143.09			
143.11	OTHER ACCTS REC-UNIFORMS	21.00		20.00		143.11			
143.12	OTHER ACCTS REC-RETIREMENT	21.00		20.00		143.12			
143.13	OTHER ACCTS REC-COL ACCDT INS	21.00		20.00		143.13			
143.14	OTHER ACCTS REC-CANCER INS	21.00		20.00		143.14			

ACCOUNT	DESCRIPTION	-----RUS----- B/S LINE	INC LINE	-----TVA----- B/S LINE	INC LINE	MARGIN ACCOUNT	INACTIVE BANK ACCOUNT	BANK TRANSIT BANK ACCOUNT	BANK NAME
143.15	OTHER ACCTS REC-NRECA SAVINGS	21.00	20.00	20.00	143.15				
143.16	OTHER ACCT REC-HARTFORD DEP LIFE	21.00	20.00	20.00	143.16				
143.17	OTHER ACCTS REC-DENTAL INSURANCE	21.00	20.00	20.00	143.17				
143.18	OTHER ACCTS REC-IRA	21.00	20.00	20.00	143.18				
143.19	OTHER ACCT REC- KY HOME LIFE INS	21.00	20.00	20.00	143.19				
143.20	OTHER A/R-HARTFORD RETIRED LIFE	21.00	20.00	20.00	143.20				
143.21	OTHER ACCTS REC-PART TIME BC/BS	21.00	20.00	20.00	143.21				
143.22	OTHER ACCTS REC-401K DEF COMP	21.00	20.00	20.00	143.22				
143.23	OTHER ACCTS REC-VOL DEF COMP	21.00	20.00	20.00	143.23				
143.24	OTHER ACCTS REC - BC/BS LIFE INS	21.00	20.00	20.00	143.24				
143.25	OTHER A/R-BC/BS GUARDIAN LIFEINS	21.00	21.00	21.00	143.25				
143.26	OTHER ACCTS REC-NELSON VLY WATER	21.00	20.00	20.00	143.26				
143.27	OTHER ACCTS REC OAKHILL WTR ASSO	21.00	20.00	20.00	143.27				
143.28	OTHER ACCT REC-PLEASANT HILL WTR	21.00	20.00	20.00	143.28				
143.29	OTHER ACCT REC-PUL CO#2 WTR DIST	21.00	20.00	20.00	143.29				
143.30	OTHER A/C REC EMP CLOTHING PURCH	21.00	20.00	20.00	143.30				
143.31	OTHER A/C-COURT ORDERED WITHHOLD	21.00	20.00	20.00	143.31				
143.32	OTHER ACCTS REC - UNITED WAY	21.00	20.00	20.00	143.32				
143.33	OTHER ACCTS REC-EAST KY INCENTIV	21.00	21.00	21.00	143.33				
143.34	OTHER ACCTS REC - ACRE	21.00	21.00	21.00	143.34				
143.35	OTHER ACCTS REC - SAFETY GLASSES	21.00	21.00	21.00	143.35				
143.36	OTHER A/R - EXP MICROWAVE TOWER	21.00	21.00	21.00	143.36				
143.37	OTHER ACCTS REC-UNIFORM CLEANING	21.00	21.00	21.00	143.37				
143.38	OTHER A/R - CUMB SECURITY BANK	21.00	21.00	21.00	143.38				
143.39	OTHER A/R - PEOPLES LOAN CO	21.00	21.00	21.00	143.39				
143.90	ALLOWANCE FOR UNCL-OTHER REC	21.00	21.00	21.00	143.90				

ACCOUNT	DESCRIPTION	-----RUS----- B/S LINE	INC LINE	-----TVA----- B/S LINE	INC LINE	MARGIN ACCOUNT	INACTIVE	BANK TRANSIT BANK ACCOUNT	BANK NAME
144.10	ACC PROV FOR UNCL CUST ACCT CR	20.00		19.00		144.10			
146.00	A/R FROM ASSOC COMPANIES - KTI	21.00		20.00		146.00			
151.00	FUEL STOCK	22.00		21.00		151.00			
154.10	PLANT MATERIAL & OPER SUPPLIES	22.00		21.00		154.10			
154.20	VEHICLE PARTS INVENTORY	22.00		22.00		154.20			
155.00	MERCHANDISE (SCHOOL APPLIANCES)	22.00		21.00		155.00			
155.10	MERCHANDISE - MISC-PROMOTIONS	22.00		21.00		155.10			
155.11	MERCHANDISE (WATER HEATERS)	22.00		22.00		155.11			
155.12	MERCHANDISE(SILENT GUARD SEC SYS	22.00		22.00		155.12			
155.13	MERCHANDISE(METER POLE SERV MAT)	22.00		22.00		155.13			
155.20	INVENTORY - ETS HEATERS	22.00		21.00		155.20			
155.30	MERCHANDISE INV(WEATHERIZATION)	22.00		21.00		155.30			
163.00	STORES EXPENSE UNDISTRIBUTED	22.00		21.00		163.00			
165.10	PREPAYMENTS - INSURANCE	23.00		22.00		165.10			
165.11	PREPAYMENTS - NRECA RETIREMENT	23.00		22.00		165.11			
165.20	PREPAYMENTS - KAEC DUES	23.00		22.00		165.20			
165.21	NRECA PREPAID BUY BACK 30 YR RET	23.00		23.00		165.21			
165.22	PREPAYMENTS-SPARE TRANSFORMER PROG	23.00		23.00		165.22			
165.23	OTHER PREPAYMENTS (FARM RENT)	23.00		23.00		165.23			
171.00	INTEREST & DIVIDEND REC (CFC)	24.00		23.00		171.00			
171.10	INT & DIVIDEND INCOME REC (KTI)	24.00		23.00		171.10			
172.00	RENT REC (JOINT POLE USE-NET)	24.00		23.00		172.00			
183.10	PREL SURVEY&INVSTIG CHG-LR STUDY	27.00		25.00		183.10			
183.11	PREL SURVEY&INVSTIG - SUBOFFICES	27.00		25.00		183.11			
183.12	PREL SURVEY&INVSTIG - SCADA	27.00		25.00		183.12			
183.13	PREL S&I-S/S ADD-M/S & OPER.	27.00		25.00		183.13			

ACCOUNT	DESCRIPTION	-----RUS----- B/S LINE	-----TVA----- INC LINE	MARGIN ACCOUNT	INACTIVE	BANK TRANSIT BANK ACCOUNT	BANK NAME
184.10	TRANSPORTATION EXPENSE-OVERHEAD	27.00	27.00	184.10			
184.21	CLEARING ACCOUNT-GENERAL PLANT	27.00	25.00	184.21			
184.22	EMPLOYEE PENSION&BENEFIT-CLEARNG	27.00	27.00	184.22			
184.40	TRANSPORTATION EXPENSE CLEARING	27.00	25.00	184.40			
186.00	MISC DEF DEBITS - RETIREMENT EXP	27.00	25.00	186.00			
186.01	MISC DEF DEBITS - LEGAL EXPENSES	27.00	25.00	186.01			
186.02	MIS DEF DEBIT-ENVIRONMENT SURCHG	27.00	27.00	186.02			
186.03	MISC DEF DEBITS - OTHER	27.00	25.00	186.03			
186.04	MISC DEF DEBITS - DEF COMP	27.00	25.00	186.04			
186.05	MISC DEF DR-FRNG BENE ALL OTHERS	27.00	25.00	186.05			
186.06	MISC DEF DR - MEDICAL EXPENSE	27.00	25.00	186.06			
186.07	MISC DEF DR - DENTAL EXPENSE	27.00	27.00	186.07			
186.08	MISC DEF DR - LIFE INS EXPENSE	27.00	25.00	186.08			
186.12	PREM SURVEY & INVEST (SCADA)	27.00	25.00	186.12			
186.13	MISC DEF DEBITS-MINOR MAT ISSUED	27.00	25.00	186.13			
186.15	MISC DEF DEBITS - LTD EXPENSE	27.00	25.00	186.15			
186.16	MISC DEF DR - BUY-BACK 30 YR RET	27.00	25.00	186.16			
186.17	MISC DEF DEBITS - COLA ON RETIRE	27.00	25.00	186.17			
186.18	MISC DEF DR - SAVINGS EXPENSE	27.00	25.00	186.18			
186.20	DEFERRED COMPENSATION	27.00	25.00	186.20			
200.00	MEMBERSHIPS ISSUED	29.00	29.00	200.00			
201.10	PATRONS CAP CREDITS - ASSIGNED	30.00	30.00	201.10			
201.20	PATRONAGE CAPITAL ASSIGNABLE	30.00	30.00	201.20			
208.00	DONATED CAPITAL	34.00	34.00	208.00			
217.00	RETIRED CAPITAL CREDITS-GAIN	34.00	34.00	217.00			
219.10	OPERATING MARGINS	31.00	31.00	219.10			

ACCOUNT	DESCRIPTION	-----RUS----- B/S LINE	INC LINE	-----TVA----- B/S LINE	INC LINE	MARGIN ACCOUNT	INACTIVE	BANK TRANSIT BANK ACCOUNT	BANK NAME
219.20	NON-OPERATING MARGINS	33.00		33.00		219.20			
219.30	OTHER MARGINS - PRIOR YEARS LOSS	34.00		34.00		219.30			
224.11	OTHER L T D - SUBSCRIPTIONS	40.00		40.00		224.11			
224.12	OTHER L T D - CFC	40.00		40.00		224.12			
224.13	CFC NOTES EXECUTED - DEBIT	40.00		40.00		224.13			
224.14	LTD-HEWLETT PACKARD-CAPITAL LEAS	38.00		38.00		224.14			
224.16	LTD REA ECON DEV NOTES EXECUTED	37.00		37.00		224.16			
224.17	REA NOTES EXECUTED-ECON DEV-DR	37.00		37.00		224.17			
224.22	CURRENT MATURITIES-LTD-CFC	48.00		48.00		224.22			
224.26	CURRENT MATURITIES-LTD-ECON DEV	49.00		49.00		224.26			
224.30	L T D - REA CONST NOTES EXECUTED	36.00		36.00		224.30			
224.31	CURRENT MATURITIES=LTD-RUS	48.00		48.00		224.31			
224.40	REA NOTES EXECUTED-CONST-DEBIT	36.00		36.00		224.40			
224.50	INT ACCRUED-DEFERRED-REA CONST	36.00		36.00		224.50			
224.60	ADV PAYMENTS UNAPPLIED-LTD DEBIT	36.10		36.10		224.60			
228.30	ACC PROV FOR PENSIONS & BENEFITS	43.00		43.00		228.30			
231.00	NOTES PAYABLE	45.00		39.00		231.00			
231.11	NOTES PAYABLE - CFC SHORT TERM	45.00		39.00		231.11			
232.00	ACCOUNTS PAYABLE - GENERAL	46.00		40.00		232.00			
232.10	ACCOUNTS PAYABLE - EAST KY POWER	46.00		40.00		232.10			
232.11	ACCOUNTS PAYABLE - CREDIT UNION	46.00		40.00		232.11			
232.12	ACCTS PAYABLE-PROVIDENT LIFE INS	46.00		46.00		232.12			
232.13	ACCTS PAYABLE - ELEC PMT REFUNDS	46.00		40.00		232.13			
232.14	A/P - KY SALES AND USE TAX	46.00		46.00		232.14			
232.15	ACCOUNTS PAYABLE - CREDIT CARDS	46.00		46.00		232.15			
232.16	ACCOUNTS PAYABLE - EFTPS	46.00		46.00		232.16			

ACCOUNT	DESCRIPTION	RUS B/S LINE	INC LINE	TVA B/S LINE	INC LINE	MARGIN ACCOUNT	INACTIVE	BANK TRANSIT BANK ACCOUNT	BANK NAME
232.17	ACCOUNT PAYABLE - ANTHEM BC/BS	46.00	46.00	46.00	232.17				
232.18	ACCOUNT PAYABLE - SILENT GUARD	46.00	46.00	46.00	232.18				
232.19	ACCOUNTS PAYABLE-DAVIS H ELLIOT	46.00	46.00	46.00	232.19				
232.20	A/P - EMPLOYER'S 401-K	46.00	46.00	46.00	232.20				
232.21	A/P - NRECA EMPLOYEE LOANS	46.00	46.00	46.00	232.21				
232.22	ACCOUNTS PAYABLE-401K DEF COMP	46.00	46.00	46.00	232.22				
232.23	ACCOUNTS PAYABLE-VOL DEF COMP	46.00	46.00	46.00	232.23				
232.30	ACCOUNTS PAYABLE - OTHER	46.00	40.00	40.00	232.30				
232.40	ACCOUNTS PAYABLE - REA	46.00	40.00	40.00	232.40				
232.50	ACCOUNTS PAYABLE - CFC	46.00	40.00	40.00	232.50				
232.60	ACCOUNTS PAYABLE - FEUD FOR FOOD	46.00	40.00	40.00	232.60				
232.61	ACCOUNTS PAYABLE - PEOPLE FUND	46.00	46.00	46.00	232.61				
232.62	ACCOUNTS PAYABLE-CSB (LOAN PMT)	46.00	40.00	40.00	232.62				
232.63	A/P-PEOPLES LOAN (LOAN PMTS)	46.00	46.00	46.00	232.63				
232.64	ACCOUNTS PAYABLE - AIR EVAC	46.00	46.00	46.00	232.64				
232.65	ACCOUNTS PAYABLE - NRECA	46.00	46.00	46.00	232.65				
235.00	CUSTOMER DEPOSITS	47.00	41.00	41.00	235.00				
236.10	ACCRUED PROPERTY TAXES	51.00	51.00	51.00	236.10				
236.20	ACC U S SOC SEC - UNEMPLOYMENT	51.00	51.00	51.00	236.20				
236.30	ACC U S SOC SEC - FICA	51.00	51.00	51.00	236.30				
236.40	ACC STATE SOC SEC - UNEMPLOYMENT	51.00	51.00	51.00	236.40				
236.50	ACCRUED KY SALES TAX - CONSUMERS	51.00	51.00	51.00	236.50				
236.51	ACCRUED KY SALES TAX PREPAYMENT	51.00	51.00	51.00	236.51				
236.52	ACCRUED TN SALES TAX CONSUMERS	51.00	51.00	51.00	236.52				
236.70	ACCRUED TAXES-SCHOOL (PULASKI)	51.00	51.00	51.00	236.70				
236.71	ACCRUED TAXES-SCHOOL (ADAIR)	51.00	51.00	51.00	236.71				

ACCOUNT	DESCRIPTION	-----RUS----- B/S LINE	INC LINE	-----TVA----- B/S LINE	INC LINE	MARGIN ACCOUNT	INACTIVE	BANK TRANSIT BANK ACCOUNT	BANK NAME
236.72	ACCRUED TAXES-SCHOOL(CASEY)	51.00	51.00	51.00	51.00	236.72			
236.73	ACCRUED TAXES-SCHOOL(CLINTON)	51.00	51.00	51.00	51.00	236.73			
236.74	ACCRUED TAXES-SCHOOL(CUMBERLAND)	51.00	51.00	51.00	51.00	236.74			
236.75	ACCRUED TAXES-SCHOOL(LAUREL)	51.00	51.00	51.00	51.00	236.75			
236.76	ACCRUED TAXES-SCHOOL(LINCOLN)	51.00	51.00	51.00	51.00	236.76			
236.77	ACCRUED TAXES-SCHOOL(MCCREARY)	51.00	51.00	51.00	51.00	236.77			
236.78	ACCRUED TAXES-SCHOOL(ROCKCASTLE)	51.00	51.00	51.00	51.00	236.78			
236.79	ACCRUED TAXES-SCHOOL(RUSSELL)	51.00	51.00	51.00	51.00	236.79			
236.80	ACCRUED TAXES-SCHOOL(WAYNE)	51.00	51.00	51.00	51.00	236.80			
237.10	INTEREST ACCR-REA CONST OBLIG	51.00	51.00	51.00	51.00	237.10			
237.31	OTHER INTEREST ACC (CFC-LTD)	51.00	51.00	51.00	51.00	237.31			
237.32	INTEREST ACCR-CFC SHORT TERM	51.00	51.00	51.00	51.00	237.32			
237.33	INTEREST ACCR-CONSUMER DEPOSITS	51.00	51.00	51.00	51.00	237.33			
237.34	INTEREST ACCR S5 DEALERS RESERVE	51.00	51.00	51.00	51.00	237.34			
238.10	PATRONAGE CAPITAL PAYABLE	51.00	51.00	51.00	51.00	238.10			
241.10	ACCRUED FED INCOME TAX EMPLOYEES	51.00	51.00	51.00	51.00	241.10			
241.20	ACCRUED STATE INCOME TAX EMPL	51.00	51.00	51.00	51.00	241.20			
241.21	LOCAL TAX W/H CITY OF RUSSELL SP	51.00	51.00	51.00	51.00	241.21			
241.22	LOCAL TAX W/H - PULASKI COUNTY	51.00	51.00	51.00	51.00	241.22			
241.23	LOCAL TAX W/H - RUSSELL COUNTY	51.00	51.00	51.00	51.00	241.23			
241.24	LOCAL TAX W/H - CASEY COUNTY	51.00	51.00	51.00	51.00	241.24			
241.25	LOCAL TAX W/H - CLINTON COUNTY	51.00	51.00	51.00	51.00	241.25			
241.26	LOCAL TAX W/H - LINCOLN COUNTY	51.00	51.00	51.00	51.00	241.26			
241.27	LOCAL TAX W/H - WAYNE COUNTY	51.00	51.00	51.00	51.00	241.27			
241.28	LOCAL TAX W/H - MCCREARY COUNTY	51.00	51.00	51.00	51.00	241.28			
241.50	MONTICELLO - FRANCHISE TAX	51.00	51.00	51.00	51.00	241.50			

ACCOUNT DESCRIPTION B/S LINE INC LINE B/S LINE TVA INC LINE MARGIN INACTIVE BANK TRANSIT BANK NAME BANK ACCOUNT

241.51	ALBANY - FRANCHISE TAX	51.00	51.00	51.00	241.51				
242.20	ACCRUED PAYROLLS	51.00	51.00	51.00	242.20				
242.21	ACCRUED SALARIES	51.00	51.00	51.00	242.21				
242.30	ACCRUED EMPLOYEES' VACATION	51.00	51.00	51.00	242.30				
242.40	ACCRUED EMPLOYEES' SICK LEAVE	51.00	51.00	51.00	242.40				
242.41	ACCR EMPLOYEES S/L TRUST ASSETS	51.00	51.00	51.00	242.41				
242.52	EMPLOYEES S & L ASSOCIATION	51.00	51.00	51.00	242.52				
242.53	ACCR DEALERS RESERVE (S-5 ACCTS)	51.00	51.00	51.00	242.53				
242.54	ACCRUED EMPLOYEES CLOTHING ALLOW	51.00	51.00	51.00	242.54				
242.55	MISC ACCR LIAB-AUDIT EXPENSE	51.00	51.00	51.00	242.55				
242.56	MISC ACCRUED LIABILITY	51.00	51.00	51.00	242.56				
242.60	ACCRUED INSURANCE	51.00	51.00	51.00	242.60				
252.00	CUST ADV CONST (EXCESS OF 1000')	54.00	54.00	54.00	252.00				
252.01	CUST ADV CONST (QUES PERM SER)	54.00	54.00	54.00	252.01				
252.02	CUST ADV CONST (URD EXTENSIONS)	54.00	54.00	54.00	252.02				
252.03	CUST ADV CONST (TEMP SERVICES)	54.00	54.00	54.00	252.03				
252.04	CUST ADV CONST (M H 150' TO 300')	54.00	54.00	54.00	252.04				
252.05	CUST ADV CONST (M H 300' TO 1000')	54.00	54.00	54.00	252.05				
252.06	CUST ADV CONST (M H OVER 1000')	54.00	54.00	54.00	252.06				
252.07	CUST ADV CONST (OTHER-CR REF CON)	54.00	54.00	54.00	252.07				
252.08	CUST ADV CONST (M H 1976 & PRIOR)	54.00	54.00	54.00	252.08				
252.09	CUST ADV CONST (BARN,S BLDG, ETC)	54.00	54.00	54.00	252.09				
252.10	CUST ADV ON SEC LIGHT INSTALL	54.00	54.00	54.00	252.10				
252.11	CAC-PRELIM ADV FOR IMMED CONSTRU	54.00	54.00	54.00	252.11				
253.02	OTHER DEF CR (UNCLAIMED CC REFUND	54.00	54.00	54.00	253.02				
253.03	OTHER DEFERRED CREDITS (PATRONS)	54.00	54.00	54.00	253.03				

ACCOUNT	DESCRIPTION	B/S LINE	RUS LINE	INC LINE	TVA LINE	B/S LINE	INC LINE	MARGIN ACCOUNT	INACTIVE	BANK TRANSIT BANK ACCOUNT	BANK NAME
253.04	OTHER DEF CREDITS(SCH APPLIANCE)	54.00	54.00	54.00	253.04						
253.05	OTHER DEFERRED CREDIT (INVENTORY)	54.00	54.00	54.00	253.05						
253.06	OTHER DEF CR (METER TEST FEES)	54.00	54.00	54.00	253.06						
253.10	OTHER DEF CR(CONS ENERGY PREPMT)	54.00	54.00	54.00	253.10						
253.11	OTHER DEF CR(CFC INTEGRITY FUND)	54.00	54.00	54.00	253.11						
253.12	OTHER DEF CR(MONOR MAT EXPENSED)	54.00	54.00	54.00	253.12						
360.00	LAND & LAND RIGHTS (DIST PLANT)	1.00	1.00	1.00	360.00						
362.00	STATION EQUIPMENT	1.00	1.00	1.00	362.00						
362.01	STATION EQUIPMENT, SCADA TOWERS	1.00	1.00	1.00	362.01						
362.02	STATION EQUIP-OTHER SCADA EQUIP	1.00	1.00	1.00	362.02						
364.00	POLES, TOWERS & FIXTURES	1.00	1.00	1.00	364.00						
365.00	OVERHEAD CONDUCTORS & DEVICES	1.00	1.00	1.00	365.00						
366.00	UNDERGROUND CONDUIT	1.00	1.00	1.00	366.00						
367.00	UNDERGROUND CONDUCTORS & DEVICES	1.00	1.00	1.00	367.00						
368.00	LINE TRANSFORMERS	1.00	1.00	1.00	368.00						
369.00	SERVICES	1.00	1.00	1.00	369.00						
370.00	METERS	1.00	1.00	1.00	370.00						
371.00	INSTALLATIONS ON CUST PREMISES	1.00	1.00	1.00	371.00						
373.00	STREET LIGHTING & SIGNAL SYSTEMS	1.00	1.00	1.00	373.00						
389.00	LAND & LAND RIGHTS (GEN PLANT)	1.00	1.00	1.00	389.00						
389.10	LAND & LAND RIGHTS (SOMERSET)	1.00	1.00	1.00	389.10						
389.11	LAND & LAND RIGHTS (WHITLEY CITY)	1.00	1.00	1.00	389.11						
389.12	LAND & LAND RIGHTS (ALBANY)	1.00	1.00	1.00	389.12						
389.13	LAND & LAND RIGHTS (MONTICELLO)	1.00	1.00	1.00	389.13						
389.14	LAND & LAND RIGHTS (RUSSELL SPRGS)	1.00	1.00	1.00	389.14						
389.20	LAND & LAND RIGHTS (PHELPS PROP)	1.00	1.00	1.00	389.20						

ACCOUNT MASTER LISTING  
ALL ACCOUNTS

ACCOUNT	DESCRIPTION	RUS B/S LINE	INC LINE	TVA B/S LINE	INC LINE	MARGIN ACCOUNT	INACTIVE	BANK TRANSIT BANK ACCOUNT	BANK NAME
389.40	LAND & LAND RIGHTS (ACCESS ROAD)	1.00	1.00	1.00	389.40				
390.00	STRUCTURES & IMPROVEMENTS	1.00	1.00	1.00	390.00				0
390.01	S&I (WHITLEY-STORAGE ADDITION-00)	1.00	1.00	1.00	390.01				0
390.02	S&I -WHSE&POLEYARD-MONTICELLO-01	1.00	1.00	1.00	390.02				
390.03	STR&IMPR (SOM'T ACCT HEAT SYS 97)	1.00	1.00	1.00	390.03				
390.04	STR&IMPR-AUDITORIUM SOUNDROOM'02	1.00	1.00	1.00	390.04				
390.05	STR&IMPR (SOM AUDITORIUM REMODEL)	1.00	1.00	1.00	390.05				
390.06	S&I-SOMERSET OFFICE REMODEL-00	1.00	1.00	1.00	390.06				
390.07	S&I-SAFETY OFFICE(SOM WHSE-02)	1.00	1.00	1.00	390.07				
390.08	S&I-RUSSELL SPGS (WHSE&POLEYD-02)	1.00	1.00	1.00	390.08				
390.09	S&I--(RUSSELL SPRGS-POLE YARD) 00	1.00	1.00	1.00	390.09				
390.10	S&I--(SOMERSET HEADQUARTERS-2004)	1.00	1.00	1.00	390.10				
390.11	S&I (WHITLEY CITY BUILDING-2004)	1.00	1.00	1.00	390.11				
390.12	S&I (ALBANY-BUILDING-2004)	1.00	1.00	1.00	390.12				
390.13	S&I (MONTICELLO-BUILDING-2004)	1.00	1.00	1.00	390.13				
390.14	S&I (RUSSELL SPRINGS-BUILDING-04)	1.00	1.00	1.00	390.14				
390.15	S & I (SOMERSET-WHSE REMODEL-00)	1.00	1.00	1.00	390.15				
390.16	S&I-RUSSELL SPRGS REMODELING-00	1.00	1.00	1.00	390.16				
390.17	S&I-MONTICELLO REMODELING-00	1.00	1.00	1.00	390.17				
390.18	S&I-WHITLEY CITY REMODELING-00	1.00	1.00	1.00	390.18				
390.19	S&I-ALBANY REMODELING-00	1.00	1.00	1.00	390.19				
390.20	S&I-SOMERSET SAFETY OFFICE-2005	1.00	1.00	1.00	390.20				
391.00	OFFICE FURNITURE & EQUIPMENT	1.00	1.00	1.00	391.00				
391.10	COMPUTER & PROCESSING EQUIPMENT	1.00	1.00	1.00	391.10				0
391.11	COMP & PROCESS EQUIP - AVL	1.00	1.00	1.00	391.11				0
391.12	COMP & PROCESS EQUIP ENGINEERING	1.00	1.00	1.00	391.12				

BANK NAME

BANK TRANSIT  
BANK ACCOUNT

INACTIVE

MARGIN  
ACCOUNT

-----TVA-----  
B/S INC  
LINE LINE LINE

-----RUS-----  
B/S INC  
LINE LINE LINE

ACCOUNT	DESCRIPTION	-----RUS----- B/S LINE	INC LINE	-----TVA----- B/S LINE	INC LINE	MARGIN ACCOUNT	INACTIVE	BANK TRANSIT BANK ACCOUNT	BANK NAME
391.13	COMP & PROCESS EQUIP MBR SERVICE	1.00	1.00	1.00	391.13				
391.14	COMP & PROC EQUIP HUMAN RESOURCE	1.00	1.00	1.00	391.14				
391.15	COMP & PROCESS EQUIP-ADMR'TVE	1.00	1.00	1.00	391.15				
391.16	COMP&PROCESS EQUIP-METER READING	1.00	1.00	1.00	391.16				
391.17	COMP & PROECSS EQUIP-R & D	1.00	1.00	1.00	391.17				
391.18	COMP & PROCESSING EQUIP-MAPPING	1.00	1.00	1.00	391.18				
392.00	TRANSPORTATION EQUIPMENT	1.00	1.00	1.00	392.00				0
393.00	STORES EQUIPMENT	1.00	1.00	1.00	393.00				0
394.00	TOOLS, SHOP & GARAGE EQUIPMENT	1.00	1.00	1.00	394.00				0
394.01	TS&G - FUEL PUMPS (ALBANY)	1.00	1.00	1.00	394.01				
394.02	TS&G - FUEL PUMPS (MONTICELLO)	1.00	1.00	1.00	394.02				
394.03	TS&G - FUEL PUMPS (RUSSELL SPRGS)	1.00	1.00	1.00	394.03				
394.04	TS&G - FUEL PUMP (WHITLEY CITY)	1.00	1.00	1.00	394.04				
395.00	LABORATORY EQUIPMENT	1.00	1.00	1.00	395.00				0
396.00	POWER OPERATED EQUIPMENT	1.00	1.00	1.00	396.00				0
397.00	COMMUNICATION EQUIPMENT	1.00	1.00	1.00	397.00				0
398.00	MISCELLANEOUS EQUIPMENT	1.00	1.00	1.00	398.00				0
398.01	MISC EQUIP-SEC SYSTEM-SOMERSET	1.00	1.00	1.00	398.01				0
398.02	MISC EQUIP-SEC SYSTEM-W CITY	1.00	1.00	1.00	398.02				
398.03	MISC EQUIP-SEC SYSTEM-ALBANY	1.00	1.00	1.00	398.03				
398.04	MISC EQUIP-SEC SYSTEM-MONTICELLO	1.00	1.00	1.00	398.04				
398.05	MISC EQUIP-SEC SYSTEM-R SPGS	1.00	1.00	1.00	398.05				

ACCOUNT	DESCRIPTION	---RUS---	INC	---	TVA---	MARGIN	INACTIVE	BANK TRANSIT	BANK NAME
		B/S	INC	B/S	INC	ACCOUNT		BANK ACCOUNT	
		LINE	LINE	LINE	LINE				
403.60	DEPR EXPENSE-DISTRIBUTION PLANT	32.00	12.00	32.00	12.00	219.10			
403.70	DEPR EXPENSE-GENERAL PLANT	32.00	12.00	32.00	12.00	219.10			
408.10	TAXES - PROPERTY	32.00	13.00	32.00	13.00	219.10			
408.11	TAXES - P S C ASSESSMENT	32.00	13.00	32.00	13.00	219.10			
408.14	TAXES-STATE SOC SEC UNEMPLOYMENT	32.00	14.00	32.00	14.00	219.10			
408.20	TAXES-U S SOC SEC UNEMPLOYMENT	32.00	14.00	32.00	14.00	219.10			
408.30	TAXES U S SOC SEC FICA	32.00	14.00	32.00	14.00	219.10			
408.40	KY STATE UNEMPLOYMENT	32.00	14.00	32.00	14.00	219.10			
408.50	TAXES - SALES TAX ASSESSED	32.00	14.00	32.00	14.00	219.10			
415.00	REV FROM MDSG, JOBBING&CONT WORK	33.00	24.00	33.00	23.00	219.20			
415.01	REV FROM MDSG - ETS HEATERS	33.00	24.00	33.00	24.00	219.20			
415.03	REV FROM MDSG - MISC-PROMOTIONS	33.00	24.00	33.00	23.00	219.20			
415.04	REV FROM MDSG - WATER HEATERS	33.00	24.00	33.00	24.00	219.20			
415.20	KY LIVING INSERT - SALES	33.00	24.00	33.00	24.00	219.20			
416.00	COST & EXP MDSG, JOB & CONT WORK	33.00	24.00	33.00	23.00	219.20			
416.02	COST OF MDSG - ETS HEATERS	33.00	24.00	33.00	23.00	219.20			
416.03	COST OF MDSG - MISC-PROMOTIONS	33.00	24.00	33.00	23.00	219.20			
416.04	COST OF MDSG - WATER HEATERS	33.00	24.00	33.00	24.00	219.20			
416.20	KY LIVING INSERT - EXPENSE	33.00	24.00	33.00	24.00	219.20			
417.00	REV FROM NON-UT OPER (INT S-5)	33.00	24.00	33.00	23.00	219.20			
417.01	REV NU OPER(METER POLE SERVICE)	33.00	24.00	33.00	24.00	219.20			
417.02	REV FROM NON-UT OPER(INT S-12)	33.00	24.00	33.00	23.00	219.20			
417.03	REV FROM NON-UTILITY OPER(KU)	33.00	24.00	33.00	23.00	219.20			
417.04	REV FROM N U OPER(ALL OTHER S12)	33.00	24.00	33.00	24.00	219.20			
417.05	REV FROM N U OPER(ALL OTHER S-5)	33.00	24.00	33.00	24.00	219.20			
417.06	REV NU OPER(TEMP SERVICE RENTAL)	33.00	24.00	33.00	24.00	219.20			

ACCOUNT	DESCRIPTION	---	RUS	INC	---	TVA	---	MARGIN	INACTIVE	BANK TRANSIT	BANK NAME
		B/S	INC	---	B/S	INC	---	ACCOUNT		BANK ACCOUNT	
		LINE	LINE	---	LINE	LINE	---				
417.07	REV FROM NON-UT OPER (KTI-DIV)	33.00	24.00	33.00	24.00	219.20					
417.08	SALES - SILENT GUARD SEC SYSTEMS	33.00	24.00	33.00	24.00	219.20					
417.09	REV NU OPER(MONITORING FEE)	33.00	24.00	33.00	24.00	219.20					
417.10	EXP OF NON-UT OPER (S 5 LOANS)	33.00	24.00	33.00	24.00	219.20					
417.11	EXP NU OPER-(METER POLE SERVICE)	33.00	24.00	33.00	24.00	219.20					
417.12	EXP NON-UTIL OPER (S-12 LOANS)	33.00	24.00	33.00	24.00	219.20					
417.13	EXP NON-UTILITY OPER (KTI-RTV)	33.00	24.00	33.00	24.00	219.20					
417.14	EXP NU OPER(TEMPORARY SER RENTAL	33.00	24.00	33.00	24.00	219.20					
417.15	EXP NON-UTILITY OPER (KTI-DTV)	33.00	24.00	33.00	24.00	219.20					
417.16	X	33.00	24.00	33.00	24.00	219.20					
417.17	X	33.00	24.00	33.00	24.00	219.20					
417.18	EXP - SILENT GUARD SEC SYSTEMS	33.00	24.00	33.00	24.00	219.20					
417.19	COS - SILENT GUARD MONITORING	33.00	24.00	33.00	24.00	219.20					
417.20	REV NU OPER(LIFEGARD MED ALERT)	33.00	24.00	33.00	24.00	219.20					
417.21	REV NU OPER (GRAYSON RECC)	33.00	24.00	33.00	24.00	219.20					
417.22	REV NU OPER (TAYLOR CO RECC)	33.00	24.00	33.00	24.00	219.20					
417.30	EXP NU OPER(LIFEGARD MED ALERT)	33.00	24.00	33.00	24.00	219.20					
417.31	EXP NU OPER (GRAYSON RECC)	33.00	24.00	33.00	24.00	219.20					
417.32	EXP NU OPER (TAYLOR CO RECC)	33.00	24.00	33.00	24.00	219.20					
418.00	NONOP RENTAL INCOME(931 N MAIN)	33.00	24.00	33.00	24.00	219.20					
418.01	NONOP RENTAL INCOME(933 N MAIN)	33.00	24.00	33.00	24.00	219.20					
418.02	NONOP RENTAL INCOME(1533 W STEVE	33.00	24.00	33.00	24.00	219.20					
418.05	NONOP RENTAL EXPENSE(NORWOOD RD)	33.00	24.00	33.00	24.00	219.20					
418.06	NONOP RENTAL EXPENSE(933 N MAIN)	33.00	24.00	33.00	24.00	219.20					
418.07	NONOP RENTAL EXP(1522 STEVE WAR)	33.00	24.00	33.00	24.00	219.20					
418.08	NONOP RENTAL EXP(SUNFLOWER DR)	33.00	24.00	33.00	24.00	219.20					

ACCOUNT	DESCRIPTION	RUS B/S LINE	INC LINE	TVA B/S LINE	INC LINE	MARGIN ACCOUNT	INACTIVE BANK ACCOUNT	BANK NAME
418.10	EQUITY IN EARNINGS-SUBSIDIARY CO	33.00	23.00	33.00	23.00	219.20		
418.11	EQUITY IN EARNINGS ASSOC CO KTI	33.00	23.00	33.00	23.00	219.20		
418.12	EQUITY IN EARNINGS-SO KY SERVICE	33.00	23.00	33.00	23.00	219.20		
419.00	INTEREST & DIVIDEND INCOME	33.00	21.00	33.00	21.00	219.20		
419.01	INTEREST & DIVIDEND INCOME - KTI	33.00	21.00	33.00	21.00	219.20		
421.00	MISC NONOPERATING INCOME	33.00	24.00	33.00	23.00	219.20		
421.01	MISC NONOPER INCOME-FARM INCOME	33.00	24.00	33.00	24.00	219.20		
421.02	MISC NONOPER INCOME FARM EXPENSE	33.00	24.00	33.00	24.00	219.20		
421.10	GAIN/LOSS - DISPOSAL OF PROPERTY	33.00	24.00	33.00	24.00	219.20		
421.20	LOSS ON DISPOSITION OF PROPERTY	33.00	24.00	33.00	24.00	219.20		
422.00	NONOPERATING TAXES	33.00	24.00	33.00	24.00	219.20		
423.00	G & T COOPERATIVE CAPITAL CREDIT	32.00	25.00	32.00	25.00	219.10		
424.00	OTHER CAP CR & PATRON CAP ALLOC	32.00	26.00	32.00	26.00	219.10		
426.10	DONATIONS(CHAR, SOCIAL OR COMM)	32.00	18.00	32.00	18.00	219.10		
426.30	PENALTIES	32.00	18.00	32.00	18.00	219.10		
426.40	EXP FOR CER CIVIC, POL & REL ACT	32.00	18.00	32.00	18.00	219.10		
426.50	OTHER DEDUCTIONS	32.00	18.00	32.00	18.00	219.10		
427.10	INTEREST ON REA CONST LOAN	32.00	15.00	32.00	15.00	219.10		
427.21	INTEREST ON OTHER LTD - CFC	32.00	15.00	32.00	15.00	219.10		
427.22	INT DEDUCTION-CFC-CAP CR ASSIGND	32.00	15.00	32.00	15.00	219.10		
427.23	INTEREST EXP - HP-CAPITAL LEASE	32.00	15.00	32.00	15.00	219.10		
430.00	INTEREST EXP ASSOC CO - EAST KY	32.00	18.00	32.00	18.00	219.10		
431.00	OTHER INTR EXP-INTR ON CONS DEP	32.00	17.00	32.00	17.00	219.10		
431.10	INTR EXP - CFC SHORT TERM	32.00	17.00	32.00	17.00	219.10		
431.11	INTR EXP-OTHER SHORT TERM LOANS	32.00	17.00	32.00	17.00	219.10		
431.12	INTEREST EXPENSE - OTHER	32.00	17.00	32.00	17.00	219.10		

ACCOUNT	DESCRIPTION	---	RUS	---	TVA	---	MARGIN	INACTIVE	BANK TRANSIT	BANK NAME
		B/S	INC	---	B/S	---	ACCOUNT		BANK ACCOUNT	
		LINE	LINE	---	LINE	---				
		LINE	LINE	---	LINE	---				
435.10	CUM EFFECT PRIOR YRS,CHG ACCT PR	32.00	27.00	32.00	27.00	219.10				
440.10	RESIDENTIAL SALES - RURAL	32.00	1.00	32.00	1.00	219.10				
442.10	COMM & INDUSTRIAL SALES - SMALL	32.00	1.00	32.00	1.00	219.10				
442.11	TV BOOST' & CIVIL DEF SIRENS	32.00	1.00	32.00	1.00	219.10				
442.20	COMM & INDUSTRIAL SALES-LARGE	32.00	1.00	32.00	1.00	219.10				
442.21	LG COMM OR IND W'OUT DEMAND CHGS	32.00	1.00	32.00	1.00	219.10				
444.00	PUBLIC STREETS & HWY LIGHTING	32.00	1.00	32.00	1.00	219.10				
445.00	SALES TO PUB BLDGS&OTH PUB AUTH	32.00	1.00	32.00	1.00	219.10				
450.10	FORFEITED DISC(LATE PAYMENT CHG)	32.00	1.00	32.00	1.00	219.10				
451.00	MISC SERVICE REVENUES	32.00	1.00	32.00	1.00	219.10				
454.00	RENT FROM ELECTRIC PROPERTY	32.00	1.00	32.00	1.00	219.10				
456.00	OTHER ELECTRIC REVENUE	32.00	1.00	32.00	1.00	219.10				
456.01	OTHER ELEC REV-MORTG BROKER SERV	32.00	1.00	32.00	1.00	219.10				
555.00	PURCHASED POWER	32.00	3.00	32.00	3.00	219.10				
580.00	OPER SUPERVISION & ENGINEERING	32.00	5.00	32.00	5.00	219.10				
582.00	STATION EXPENSES	32.00	5.00	32.00	5.00	219.10				
582.10	STATION EXPENSE - SCADA	32.00	5.00	32.00	5.00	219.10				
583.00	OVERHEAD LINE EXPENSES	32.00	5.00	32.00	5.00	219.10				
583.10	POWER QUALITY - OVERHEAD	32.00	5.00	32.00	5.00	219.10				
583.20	OPER OVERHEAD LINES-PCB COSTS	32.00	5.00	32.00	5.00	219.10				
583.30	O/H LINE EXP - DCI SENTRY SYSTEM	32.00	5.00	32.00	5.00	219.10				
584.00	UNDERGROUND LINE EXPENSES	32.00	5.00	32.00	5.00	219.10				
584.10	POWER QUALITY - UNDERGROUND	32.00	5.00	32.00	5.00	219.10				
585.00	STREET LIGHTING & SIGNAL SYS EXP	32.00	5.00	32.00	5.00	219.10				
586.00	METER EXPENSES	32.00	5.00	32.00	5.00	219.10				
587.00	CUSTOMER INSTALLATIONS EXPENSE	32.00	5.00	32.00	5.00	219.10				

ACCOUNT	DESCRIPTION	RUS B/S LINE	INC LINE	TVA B/S LINE	INC LINE	MARGIN ACCOUNT	INACTIVE	BANK TRANSIT BANK ACCOUNT	BANK NAME
587.01	CUSTOMER INST EXPENSE - ETS	32.00	5.00	32.00	5.00	219.10			
587.02	CUST INSTALLATION EXP-ETS(CREDIT)	32.00	5.00	32.00	5.00	219.10			
587.10	CUSTOMER INSPECTIONS (CREDITS)	32.00	5.00	32.00	5.00	219.10			
587.20	CUSTOMER INSPECTION EXPENSE	32.00	5.00	32.00	5.00	219.10			
587.30	CUSTOMER INST EXP-STRAY VOLTAGE	32.00	5.00	32.00	5.00	219.10			
588.00	MISC DISTRIBUTION EXPENSE	32.00	5.00	32.00	5.00	219.10			
588.10	MISC DISTRIBUTION EXP - MAPPING	32.00	5.00	32.00	5.00	219.10			
590.00	MAINT SUPERVISION & ENGINEERING	32.00	6.00	30.00	6.00	219.10			
592.10	MAINTENANCE - SCADA EQUIPMENT	32.00	6.00	32.00	6.00	219.10			
593.00	MAINTENANCE OF OVERHEAD LINES	32.00	6.00	32.00	6.00	219.10			
593.01	MAINT OF OVERHEAD LINES - UAI	32.00	6.00	32.00	6.00	219.10			
593.10	STORM DAMAGE EXP	32.00	6.00	32.00	6.00	219.10			
593.11	STORM DAMAGE - 5/31/04	32.00	6.00	32.00	6.00	219.10			
593.20	MAINT OF OVERHEAD LINES-PCB COST	32.00	6.00	32.00	6.00	219.10			
593.30	MAINT OF OH LINES-DCI SENTRY SYS	32.00	6.00	32.00	6.00	219.10			
593.50	MAINT OF OVERHEAD LINES - R/W	32.00	6.00	32.00	6.00	219.10			
594.00	MAINT OF UNDERGROUND LINES	32.00	6.00	32.00	6.00	219.10			
595.00	MAINT OF LINE TRANSFORMERS	32.00	6.00	32.00	6.00	219.10			
596.00	MAINT OF ST LIGHTING&SGL SYSTEM	32.00	6.00	32.00	6.00	219.10			
596.11	MAINT OF STREET LIGHT(SODIUM)	32.00	6.00	32.00	6.00	219.10			
596.12	MAINT OF STREET LIGHT(M VAPOR)	32.00	6.00	32.00	6.00	219.10			
597.00	MAINTENANCE OF METERS	32.00	6.00	32.00	6.00	219.10			
598.00	MAINT OF MISC DISTRIBUTION PLANT	32.00	6.00	32.00	6.00	219.10			
598.10	ENVIRONMENTAL MAINT PCB, ETC	32.00	6.00	32.00	6.00	219.10			
598.11	MAINT OF SECURITY LIGHT(SODIUM)	32.00	6.00	32.00	6.00	219.10			
598.12	MAINT OF SECURITY LIGHT(M VAPOR)	32.00	6.00	32.00	6.00	219.10			

ACCOUNT	DESCRIPTION	B/S LINE	RUS LINE	INC LINE	-----TVA----- B/S LINE	MARGIN ACCOUNT	INACTIVE	BANK TRANSIT BANK ACCOUNT	BANK NAME
598.13	MAINT SECURITY LIGHT(SODIUM DIR)	32.00	6.00	32.00	6.00	219.10			
598.14	MAINT SECURITY LIGHT(M VAPOR DIR)	32.00	6.00	32.00	6.00	219.10			
598.15	MAINT SECURITY LIGHT(M HALIDE)	32.00	6.00	32.00	6.00	219.10			
901.00	SUPERVISION (CUSTOMER ACCOUNTS)	32.00	7.00	32.00	7.00	219.10			
902.00	METER READING EXPENSE	32.00	7.00	32.00	7.00	219.10			
902.10	METER READING EXPENSE - CONTRACT	32.00	7.00	32.00	7.00	219.10			
903.00	CUST RECORDS & COLLECTION EXP	32.00	7.00	32.00	7.00	219.10			
903.10	CASH - SHORTAGES & OVERAGES	32.00	7.00	32.00	7.00	219.10			
903.20	CUST REC & COL EXP - KU	32.00	7.00	32.00	7.00	219.10			
903.21	CUST REC&COL INCOME-WATER SYSTEM	32.00	7.00	32.00	7.00	219.10			
904.00	UNCOLLECTIBLE ACCOUNTS	32.00	7.00	32.00	7.00	219.10			
907.00	SUPV(CUST SERV&INFORMATION EXP)	32.00	8.00	32.00	8.00	219.10			
908.00	CUSTOMER ASSISTANCE EXPENSE	32.00	8.00	32.00	8.00	219.10			
908.10	CUST ASST EXP-CONTRACT,TUNEUP PR	32.00	8.00	32.00	8.00	219.10			
908.11	CUST ASST EXP-BUTTON UP REIMBURS	32.00	8.00	32.00	8.00	219.10			
908.12	CUST ASST EXP-COMMERCIAL&INDUSTR	32.00	8.00	32.00	8.00	219.10			
909.00	INFORMATIONAL & INSTR ADVT EXP	32.00	8.00	32.00	8.00	219.10			
910.00	MISC CUST SERV&INFORMATIONAL EXP	32.00	8.00	32.00	8.00	219.10			
910.01	MISC CUST SERV EXP MORTGBROKERAG	32.00	8.00	32.00	8.00	219.10			
912.00	DEMONSTRATING & SELLING EXPENSES	32.00	9.00	32.00	9.00	219.10			
913.00	ADVERTISING EXP(SALES EXP ONLY)	32.00	9.00	32.00	9.00	219.10			
920.00	ADMINISTRATIVE&GENERAL SALARIES	32.00	10.00	32.00	10.00	219.10			
921.00	OFFICE SUPPLIES & EXPENSE	32.00	10.00	32.00	10.00	219.10			
923.00	OUTSIDE SERVICES EMPLOYED	32.00	10.00	32.00	10.00	219.10			
923.01	OUTSIDE SERVICE-ECONOMIC DEVELOP	32.00	10.00	32.00	10.00	219.10			
924.00	PROPERTY INSURANCE	32.00	10.00	32.00	10.00	219.10			

ACCOUNT	DESCRIPTION	RUS B/S LINE	INC LINE	TVA B/S LINE	INC LINE	MARGIN ACCOUNT	INACTIVE BANK ACCOUNT	BANK TRANSIT BANK ACCOUNT	BANK NAME
925.00	INJURIES AND DAMAGES	32.00	10.00	32.00	10.00	219.10			
925.01	LINEMAN RODEO EXPENSE	32.00	10.00	32.00	10.00	219.10			
926.00	EMPLOYEE PENSIONS & BENEFITS	32.00	10.00	32.00	10.00	219.10			
926.99	FRINGE BENEFITS - W-2 REPORTING	32.00	10.00	32.00	10.00	219.10			
928.00	REGULATORY COMMISSION EXPENSES	32.00	10.00	32.00	10.00	219.10			
929.00	DUPLICATE CHARGES - CREDIT	32.00	10.00	32.00	10.00	219.10			
930.10	GENERAL ADVERTISING EXPENSE	32.00	10.00	32.00	10.00	219.10			
930.11	GEN ADVERTISING (FAIRS & PARADE)	32.00	10.00	32.00	10.00	219.10			
930.20	MISCELLANEOUS GENERAL EXPENSES	32.00	10.00	32.00	10.00	219.10			
930.21	DIRECTORS FEES AND MILEAGE	32.00	10.00	32.00	10.00	219.10			
930.22	DUES & EXPENSE - ASSOC COMPANIES	32.00	10.00	32.00	10.00	219.10			
930.23	ANNUAL MEETING EXPENSE	32.00	10.00	32.00	10.00	219.10			
930.24	MISC GEN EXP-CAP CR&OTH FIN NOT	32.00	10.00	32.00	10.00	219.10			
930.25	MISC GEN EXP-RESEARCH & DEVELOP	32.00	10.00	32.00	10.00	219.10			
930.26	MISC GEN EXP-RURALBUS GRANT-REOG	32.00	10.00	32.00	10.00	219.10			
930.27	MISC GEN EXP R&D(ETS RES MTR-EK)	32.00	10.00	32.00	10.00	219.10			
930.28	MISC GEN EXP-R & D(E KY SURVEY)	32.00	10.00	32.00	10.00	219.10			
930.29	MISC GEN EXP-R&D(SM COMM LD RCH)	32.00	10.00	32.00	10.00	219.10			
930.30	MISC GEN EXP-R&D(M H HEAT PUMP)	32.00	10.00	32.00	10.00	219.10			
930.31	MISC GEN EXP-PEOPLE FUND	32.00	10.00	32.00	10.00	219.10			
930.32	MISC GEN EXP-R&D(ETS-H P BOOSTER	32.00	10.00	32.00	10.00	219.10			
930.33	MISC GEN EXP - R&D (SEC SYSTEMS)	32.00	10.00	32.00	10.00	219.10			
930.34	MISC GEN EXP-R&D(INS HP E KY-93)	32.00	10.00	32.00	10.00	219.10			
930.35	MISC GEN EXP-R&D(MTR MDR E KY-93	32.00	10.00	32.00	10.00	219.10			
930.36	MISC GEN EXP-STEPHEN COVEY TRAIN	32.00	10.00	32.00	10.00	219.10			
932.00	MAINTENANCE OF GENERAL PLANT	32.00	10.00	32.00	10.00	219.10			

SOUTH KENTUCKY RECC  
PRG. GLACCT

ACCOUNT MASTER LISTING  
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ACCOUNT DESCRIPTION

ACCOUNT	DESCRIPTION	-----RUS-----	INC	B/S	-----TVA-----	MARGIN	INACTIVE	BANK TRANSIT	BANK NAME
		B/S	LINE	LINE	INC	ACCOUNT		BANK ACCOUNT	
935.00	MAINTENANCE OF GENERAL PLANT	32.00	10.00	32.00	10.00	219.10			
999.99	FIXED JOURNAL ENTRY	99.99	99.99	99.99	99.99	999.99			

TOTAL ACCOUNTS 570

INCOME 184  
BAL/SHEET 386

**Kentucky 54**  
**South Kentucky Rural Electric**  
**Cooperative Corporation**  
**Somerset, Kentucky**  
**Report on Audits of Financial Statements**  
**for the years ended August 31, 2005 and 2004**

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1032 CHETFORD DRIVE  
LEXINGTON, KENTUCKY 40509  
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MEMBER:  
AMERICAN INSTITUTE OF CPA'S  
INDIANA SOCIETY OF CPA'S  
KENTUCKY SOCIETY OF CPA'S  
AICPA DIVISION FOR FIRMS

Board of Directors  
South Kentucky Rural Electric  
Cooperative Corporation  
Somerset, Kentucky 42502

Independent Auditor's Report

I have audited the balance sheets of South Kentucky Rural Electric Cooperative as of August 31, 2005 and 2004, and the related statements income and patronage capital and cash flows for the years then ended. These financial statements are the responsibility of South Kentucky Rural Electric Cooperative's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of South Kentucky Rural Electric Cooperative as of August 31, 2005 and 2004, and the results of operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued a report dated October 11, 2005, on my consideration of South Kentucky Rural Electric Cooperative's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audits.



Alan M. Zumstein  
October 11, 2005

1032 CHETFORD DRIVE  
LEXINGTON, KENTUCKY 40509  
(859) 264-7147

Board of Directors  
South Kentucky Rural Electric  
Cooperative Corporation  
Somerset, Kentucky 42502

MEMBER:

AMERICAN INSTITUTE OF CPA'S  
INDIANA SOCIETY OF CPA'S  
KENTUCKY SOCIETY OF CPA'S  
AICPA DIVISION FOR FIRMS

I have audited the financial statements of South Kentucky Rural Electric Cooperative Corporation as of and for the years ended August 31, 2005 and 2004, and have issued my report thereon dated October 11, 2005. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether South Kentucky Rural Electric Cooperative Corporation's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered South Kentucky Rural Electric Cooperative Corporation's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatement in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended for the information of the audit committee, management, the Rural Utilities Service and supplemental lenders, and is not intended to be and should not be used by anyone other than those specified parties.



Alan M. Zumstein  
October 11, 2005

South Kentucky Rural Electric Cooperative  
Balance Sheets, August 31, 2005 and 2004

Exhibit N  
page 5 of 15

<u>Assets</u>	<u>2005</u>	<u>2004</u>
Electric Plant, at original cost:		
In service	\$141,510,456	\$133,450,045
Under construction	2,214,779	1,259,966
	143,725,235	134,710,011
Less accumulated depreciation	31,037,778	28,862,927
	112,687,457	105,847,084
Non Utility Property, at depreciated cost	206,693	228,768
Investments, at cost	21,784,154	21,228,325
Current Assets:		
Cash and cash equivalents	5,207,173	7,272,281
Accounts receivable, less allowance for 2005 of \$396,382 and 2004 of \$386,019	4,843,113	2,654,583
Purchase installment loan contracts, less allowance for 2005 of \$3,603 and 2004 of \$82,521	24,417	983
Other receivables	762,247	533,327
Material and supplies, at average cost	1,634,970	1,249,018
Prepayments	1,234,254	1,129,299
	13,706,174	12,839,491
Total	<u>\$148,384,478</u>	<u>\$140,143,668</u>
<u>Members' Equities and Liabilities</u>		
Members' Equities:		
Memberships	\$1,165,579	\$1,143,420
Patronage capital	48,443,922	49,829,958
	49,609,501	50,973,378
Long Term Debt	79,825,075	73,376,719
Accumulated Postretirement Benefits	3,753,696	3,630,250
Current Liabilities:		
Current portion of long term debt	2,500,000	2,300,000
Notes payable	802,692	-
Accounts payable	6,396,415	4,752,012
Consumer deposits	607,015	586,335
Accrued expenses	1,630,678	1,457,331
	11,936,800	9,095,678
Consumer advances for construction	679,941	643,316
Unclaimed capital credits	2,579,465	2,424,327
Total	<u>\$148,384,478</u>	<u>\$140,143,668</u>

The accompanying notes are an integral part of the financial statements.

Statements of Revenue and Patronage Capital  
for the years ended August 31, 2005 and 2004

Exhibit N  
page 6 of 15

	<u>2005</u>	<u>2004</u>
Operating Revenues	<u>\$76,205,628</u>	<u>\$68,483,898</u>
Operating Expenses:		
Cost of power	55,306,974	48,123,579
Distribution - operations	3,130,878	2,887,778
Distribution - maintenance	4,272,903	5,347,622
Customer accounts	3,054,098	2,941,096
Customer service and information	372,386	628,387
Sales	15,669	15,809
Administrative and general	3,037,191	3,071,057
Depreciation, excluding \$834,741 in 2005 and \$794,279 in 2004 charged to clearing accounts	3,975,366	3,751,302
Taxes	78,215	72,243
Other deductions	43,539	84,096
Total operating expenses	<u>73,287,219</u>	<u>66,922,969</u>
Operating margins before interest charges	<u>2,918,409</u>	<u>1,560,929</u>
Interest Charges:		
Long term debt	3,844,375	3,156,639
Other	37,416	40,882
	<u>3,881,791</u>	<u>3,197,521</u>
Operating margins after interest charges	<u>(963,382)</u>	<u>(1,636,592)</u>
Patronage Capital Assigned by:		
East Kentucky Power Cooperative, Inc.	-	3,223,668
Other organizations	104,862	80,914
	<u>104,862</u>	<u>3,304,582</u>
Net operating margins	<u>(858,520)</u>	<u>1,667,990</u>
Nonoperating Margins:		
Interest income	247,061	265,313
Other nonoperating income, net	(40,783)	176,722
	<u>206,278</u>	<u>442,035</u>
Net Margins	<u>(652,242)</u>	<u>2,110,025</u>
Patronage Capital, beginning of year	49,829,958	49,183,579
Refunds to estates of deceased members	(141,835)	(141,698)
Refund of patronage capital	(672,160)	(1,321,948)
Transfers to prior years' deficits and others	80,201	-
Patronage Capital, end of year	<u>\$48,443,922</u>	<u>\$49,829,958</u>

The accompanying notes are an integral part of the financial statements.

Statements of Cash Flows

for the years ended August 31, 2005 and 2004

Exhibit N  
page 7 of 15

	<u>2005</u>	<u>2004</u>
Cash Flows from Operating Activities:		
Net margins	(\$652,242)	\$2,110,025
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation:		
Charged to expense	3,975,366	3,751,302
Charged to clearing accounts	834,741	794,279
Patronage capital credits assigned	(104,862)	(3,432,036)
Accumulated postretirement benefits	123,446	94,857
Change in assets and liabilities:		
Receivables	(2,417,450)	(371,878)
Material and supplies	(385,952)	(134,113)
Prepayments	(104,955)	(53,555)
Payables, consumer deposits and accrued expenses	1,838,430	(2,137,261)
Consumer advances	36,625	(28,830)
	<u>3,143,147</u>	<u>592,790</u>
Cash Flows from Investing Activities:		
Plant additions	(11,730,720)	(11,825,892)
Salvage recovered from retirement of plant	80,240	82,057
Investments in non utility property	22,075	(38,348)
Remittances received on purchase installment loan contracts, net of interest portion	(23,434)	110,934
Investments in associated organizations	(450,967)	83,793
	<u>(12,102,806)</u>	<u>(11,587,456)</u>
Cash Flows from Financing Activities:		
Net increase in memberships	22,159	30,005
Returns of patronage capital and estates	(813,995)	(1,463,646)
Net change in other equities	235,339	302,170
Additional long term borrowings	8,993,470	9,000,000
Payments on long term debt	(2,345,114)	(2,073,589)
Advance payment on long term debt	-	(301,721)
Short term borrowings	802,692	-
	<u>6,894,551</u>	<u>5,493,219</u>
Net increase in cash and cash equivalents	(2,065,108)	(5,501,447)
Cash and cash equivalents, beginning of year	<u>7,272,281</u>	<u>12,773,728</u>
Cash and cash equivalents, end of year	<u>\$5,207,173</u>	<u>\$7,272,281</u>
Supplemental cash flows information:		
Interest paid on long term debt	\$3,844,376	\$3,156,638

The accompanying notes are an integral part of the financial statements.

**1. Summary of Significant Accounting Policies**

South Kentucky Rural Electric Cooperative (South Kentucky) maintains its records in accordance with policies prescribed or permitted by the Kentucky Public Service Commission (PSC) and the United States Department of Agriculture, Rural Utilities Service (RUS), which conform in all material respects with generally accepted accounting principles. The more significant of these policies are as follows:

**Electric Plant**

Electric plant is stated at original cost, less contributions, which is the cost when first dedicated to public service. Such amount includes applicable supervisory and overhead costs. There was no interest required to be capitalized on construction for the year.

The cost of maintenance and repairs, including renewals of minor items of property, is charged to operating expense. The cost of replacement of depreciable property units, as distinguished from minor items, is charged to electric plant. The cost of units of property replaced or retired, including cost of removal net of any salvage value, is charged to accumulated depreciation for distribution plant, with a gain or loss recognized on disposal of general plant.

The major classifications of electric plant in service consisted of:

	<u>2005</u>	<u>2004</u>
Distribution plant	\$125,440,420	\$117,743,082
General plant	<u>16,070,036</u>	<u>15,706,963</u>
	<u>\$141,510,456</u>	<u>\$133,450,045</u>

**Depreciation**

Provision has been made for depreciation on the basis of the estimated lives of assets, using the straight-line method. South Kentucky uses a composite depreciation rate of 3.0% per annum for distribution plant. General plant depreciation rates are as follows:

Structures and improvements	2%
Transportation equipment	15%
Other general plant	6% - 15%

**Advertising**

Advertising costs are expensed as incurred.

Continued

**1. Summary of Significant Accounting Policies, continued****Revenue**

Revenue is recorded in the period in which billings are rendered to consumers, based on monthly meter reading cycles. South Kentucky's sales are concentrated in an eleven county area of south central Kentucky and two northern Tennessee counties. The allowance for uncollectible accounts is based on aging of receivables. Accounts are written-off when they are deemed to be uncollectible. Certain consumers are required to pay a refundable deposit. There were no customers whose individual account balance exceeded 10% of outstanding accounts receivable at August 31, 2005 or 2004.

On December 31, 2004, South Kentucky recognized the billing lag from the time customers are billed compared to the purchased power usage. This resulted in additional revenue for 2005 in the amount of \$269,375.

**Cost of Power**

The cost of purchased power is recorded monthly during the period in which the energy is consumed, based upon billings from East Kentucky Power Cooperative (East Kentucky Power). The membership of East Kentucky Power is comprised of South Kentucky and 15 other distribution cooperative.

**Fair Value of Financial Instruments**

Financial instruments include cash, temporary investments and long-term debt. Investments in associated organizations are not considered a financial instrument because they represent nontransferable interests in associated organizations.

The carrying value of cash and temporary investments approximates fair value because of the short maturity of those instruments. The fair value of long term debt approximates the fair value because of the borrowing policies of South Kentucky.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates used in the preparation of the financial statements.

Continued

**1. Summary of Significant Accounting Policies, continued****Off Balance Sheet Risk**

South Kentucky has off-balance sheet risk in that they maintain cash deposits in financial institutions in excess of the amounts insured by the Federal Deposit Insurance Corporation (FDIC).

**Statement of Cash Flows**

For purposes of the statement of cash flows, South Kentucky considers temporary investments having a maturity of three months or less to be cash equivalents.

**Subsidiary Activities**

South Kentucky has a wholly-owned subsidiary corporation that provides consulting and other activities as needed. The revenues, net income and investment in the subsidiary is considered immaterial to the financial statements as a whole, therefore, consolidated financial statements are not prepared. The investment is reflected in Note 3 below.

**2. Non Utility Property**

Non utility property consists mainly of rental property. Depreciation rates for rental property is at 4% per year. The original cost of the rental property was \$288,201 for 2005 and \$313,043 for 2004.

**3. Investments in Associated Organizations**

Investments in associated organizations and others consisted of:

	<u>2005</u>	<u>2004</u>
Associated organizations:		
East Kentucky Power Cooperative, Inc.:		
Patronage capital assigned	18,006,351	18,006,351
National Rural Utilities Cooperative Finance Corporation:		
Capital term certificates	1,678,899	1,685,017
Patronage capital assigned	420,639	436,691
Other associated organizations	860,903	823,989
Economic development loans	636,223	-
Wholly owned subsidiary	181,139	276,277
	<u>\$21,784,154</u>	<u>\$21,228,325</u>

Continued

**3. Investments in Associated Organizations, continued**

South Kentucky records patronage capital assigned by associated organizations in the year in which such assignments are received.

The Capital Term Certificates (CTCs) of National Rural Utilities Cooperative Finance Corporation (NRUCFC) are recorded at cost. The CTCs were purchased from NRUCFC as a condition of obtaining long-term financing. The CTCs bear interest at 0%, 3% and 5% and are scheduled to mature at varying times from 2020 to 2080.

**4. Purchased Installment Loan Contracts**

As a service to its members, South Kentucky has arranged with local retailers to purchase installment sales contracts on electrical appliances. South Kentucky purchases the contracts from the retailers at face value and bills the amount of the contract, plus interest, to the customer in equal monthly installments over periods ranging from two to three years. Currently, South Kentucky bears the entire risk of collection on these contracts.

During 2001, South Kentucky discontinued providing contracts for these purchases. South Kentucky will continue to service the existing contracts.

**5. Patronage Capital**

Under provisions of the long term debt agreement, return to patrons of capital contributed by them is limited to amounts which would not allow the total equities and margins to be less than 30% of total assets, except that distributions may be made to estates of deceased patrons. The debt agreement provides, however, that should such distributions to estates not exceed 25% of net margins for the next preceding year, South Kentucky may distribute the difference between 25% and the payments made to such estates. The equities and margins of South Kentucky represent 34% of the total assets at August 31, 2005.

South Kentucky operates under an agreement with the PSC which requires South Kentucky to retire annually capital credits to its patrons when its margins exceed 2.0 TIER (times interest earned ratio). South Kentucky did not exceed this TIER threshold in 2004 and is not required to retire capital credits.

Patronage capital consisted of:

	<u>2005</u>	<u>2004</u>
Assigned to date	\$63,539,319	\$59,445,455
Assignable	(969,538)	3,077,612
Retired gains and prior deficits	(197,881)	420,877
Retired to date	<u>(13,927,978)</u>	<u>(13,113,986)</u>
	<u>\$48,443,922</u>	<u>\$49,829,958</u>

Continued

**6. Long Term Debt**

All assets, except vehicles, are pledged as collateral on the long term debt to RUS and NRUCFC under a joint mortgage agreement. A portion of the assets of one of South Kentucky's customers is secured as collateral on the Rural Economic Development Loan. Long term debt consisted of:

	<u>2005</u>	<u>2004</u>
First mortgage notes due RUS:		
2%	\$53,537	\$88,705
1.50% - 5.78%	69,602,068	62,990,586
Advance payments	<u>(317,078)</u>	<u>(301,722)</u>
	<u>69,338,527</u>	<u>62,777,569</u>
Economic development loan	<u>636,223</u>	<u>-</u>
First mortgage notes due NRUCFC:		
7%	128,314	176,387
5.25% - 6.70%	12,222,011	2,354,480
3.00% (2.80% in 2003) variable rate	<u>-</u>	<u>10,368,283</u>
	<u>12,350,325</u>	<u>12,899,150</u>
	82,325,075	75,676,719
Less current portion	<u>2,500,000</u>	<u>2,300,000</u>
	<u>\$79,825,075</u>	<u>\$73,376,719</u>

The interest rates on notes payable to NRUCFC at 5.25% to 6.70% are subject to change every seven years.

The long term debt payable to RUS and NRUCFC is due in monthly and quarterly installments of varying amounts through 2025. South Kentucky has a loan that is pending approval with RUS in the amount of \$26,628,000.

South Kentucky is participating in a RUS sponsored program which provides economic development funds to businesses in South Kentucky's service area. South Kentucky serves as a conduit for these funds and is contingently liable if the recipient fails to repay the loan. These loans are zero percent interest to South Kentucky and the recipients.

As of August 31, 2005, annual current portion of long term debt outstanding for the next five years are as follows: 2006 - \$2,500,000; 2007 - \$2,700,000; 2008 - \$3,000,000; 2009 - \$3,300,000; 2010 - \$3,600,000.

Continued

**7. Short Term Borrowings**

South Kentucky has executed a short term line of credit agreement, including a note payable, with NRUCFC in the amount of \$9,000,000. At August 31, 2005, there was \$802,692 advanced against this line of credit at an interest rate of 5.45%.

**8. Retirement Plan**

Pension benefits for substantially all employees are provided through participation in the National Rural Electric Cooperative Association (NRECA) Retirement and Security Program, a plan qualified as tax-exempt by the Internal Revenue Service. It is the policy of South Kentucky to fund pension costs accrued. Contributions for 2005 were \$977,228 and 2004 were \$907,684.

In this master multiple-employer plan, which is available to all member cooperatives of NRECA, the accumulated benefits and plan assets are not determined or allocated separately by individual employer.

**9. Savings Plan**

South Kentucky has a Retirement Savings Plan (SelectRE Pension Plan) for all employees who are eligible to participate in South Kentucky's benefit programs. The Plan allows participants to make contributions by payroll deduction, which must be at least one percent of their base compensation, pursuant to Section 401(k) of the Internal Revenue Code.

South Kentucky is required to contribute a matching percent of the participating employee's compensation to the Plan up to a maximum of three percent. South Kentucky contributed \$187,162 in 2005 and \$178,979 in 2004. Participants vest immediately in their contributions and the contributions of South Kentucky.

**10. Sick Leave Plan**

South Kentucky has a sick leave plan that allows employees meeting length of service requirements to accumulate untaken sick leave and be paid upon retirement or other termination of employment. The amount of the payment is based on the number of accumulated untaken sick leave hours and the rate of pay at the time the respective hours accumulated. This plan has been formalized as the South Kentucky Rural Electric Cooperative Corporation Accumulated Sick Leave Retirement Plan and has been funded with an independent trustee. South Kentucky's contributions to the plan are equal to or exceed the minimum requirements of the Employee Retirement Income Security Act of 1974. At August 31, 2005 and 2004, the amounts funded and accrued by South Kentucky were adequate to cover estimated future payments for accumulated benefits. The amounts charged to expense and construction overhead for 2005 and 2004 were approximately \$226,660 and \$250,917, respectively.

Continued

**11. Accumulated Postretirement Benefits**

South Kentucky sponsors a defined benefit plan that provides medical insurance coverage to retirees and their dependents. Participating retirees do not contribute to the projected cost of coverage, however, certain dependents are required to contribute to the cost of coverage. For purposes of the liability estimates, the substantive plan is assumed to be the same as the extant written plan. Postretirement benefits are not funded.

The following is a reconciliation of the postretirement benefit obligation:

	<u>2005</u>	<u>2004</u>
Postretirement benefit obligation:		
Balance, beginning of period	<u>\$3,630,250</u>	<u>\$3,535,393</u>
Recognition of components of net periodic postretirement benefit cost:		
Service cost	179,800	159,600
Interest cost	240,000	246,000
Amortization of gains or losses	<u>53,000</u>	<u>53,000</u>
	472,800	458,600
Benefits paid to participants	<u>(349,354)</u>	<u>(363,743)</u>
Net periodic benefit cost	<u>\$3,753,696</u>	<u>\$3,630,250</u>

The funded status of the plan is as follows:

Accumulated postretirement benefit obligation	\$4,600,000	\$4,420,000
Plan assets at fair value	-	-
Funded status	<u>4,600,000</u>	<u>4,420,000</u>
Unrecognized net (loss) gain from changes in assumptions	<u>(846,304)</u>	<u>(789,750)</u>
Accrued postretirement benefit cost	<u>\$3,753,696</u>	<u>\$3,630,250</u>

For measurement purposes, a 7% annual rate increase, decreasing by 0.5% per year until 5.5% per year in per capital cost of health care benefits was assumed. The discount rate used in determining the accumulated postretirement benefit obligation was 6.50% for 2005 and for 2004.

Continued

**12. Related Party Transactions**

Several of the Directors of South Kentucky, the General Manager & CEO and another employee are members of the Board of Directors of various associated organizations. During 2004, South Kentucky has started conducting business with an auto parts store owned by the President of its Board of Directors. The amount of parts purchased during 2005 was \$63,249 and 2004 was \$64,296. South Kentucky also conducts business with another business owned by the President whereby it purchases telephones and accessories, which amounted to \$7,472 for 2005 and \$10,279 for 2004. South Kentucky also purchases miscellaneous office items from another of its Directors in the amount of \$4,789 for 2005 and \$3,802 for 2004. Another Director owns a store where office items are purchased in the amount of \$972 for 2005.

South Kentucky purchases carpet and other items from its General Manager & CEO. These purchases amounted to none for 2005 and \$5,581 for 2004.

**13. Contingencies**

Under its wholesale power agreement, South Kentucky is committed to purchase its electrical power and energy requirements from East Kentucky until 2041. The rates are subject to approval by the PSC.

South Kentucky is contingently liable as guarantor for approximately \$1,245,000 of long term obligations of East Kentucky to RUS, National Rural Utilities Cooperative Finance Corporation and institutional investors. Substantially all assets of South Kentucky are pledged as collateral for this guarantee, in addition to the pledge in the mortgage agreement referred to in Note 6. This contingent liability was part of an overall financing plan for the construction of a generating facility near Maysville, Kentucky.

**14. Risk Management**

South Kentucky is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

South Kentucky carries commercial insurance for all risks of loss, including workers' compensation, general liability and property loss insurance. As is customary in the utility industry, Utility Plant, except substations, are not insured. Settled claims resulting from these risks have not exceeded commercial insurance coverage in 2005 or 2004.

**15. Income Tax Status**

South Kentucky is exempt from federal and state income taxes under provisions of Section 501(c)(12). Accordingly, the financial statements include no provision for income taxes. South Kentucky Services Corporation is subject to income taxes.

South Kentucky Rural Electric

Case No. 2005-00

August 31, 2005

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**Computer Software Programs**

South Kentucky Rural Electric has used Microsoft Excel and Word in the preparation of this Application.

Witness: Allen Anderson

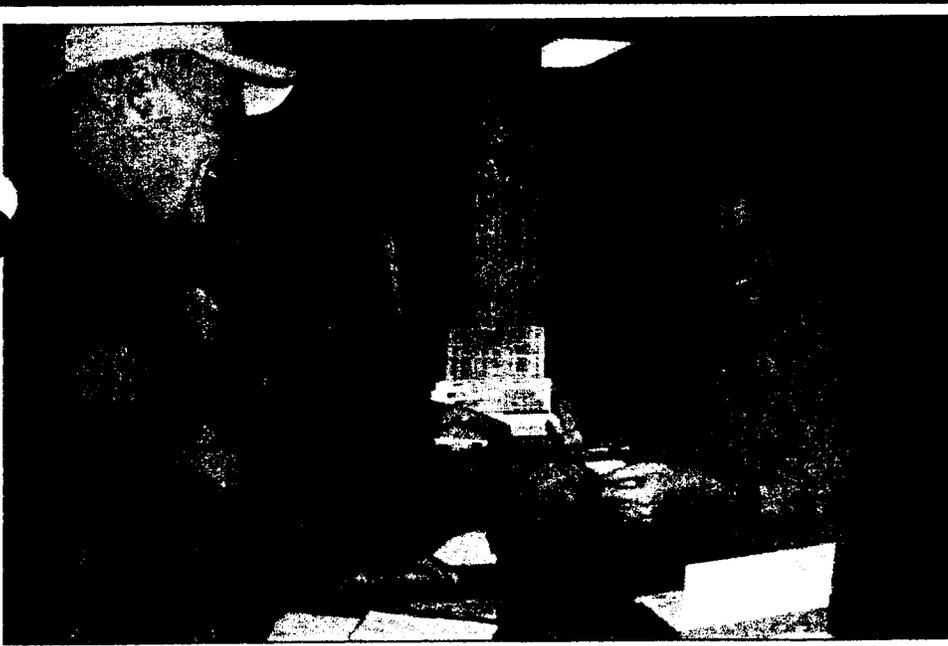
South Kentucky Rural Electric  
Case No. 2005-00450  
August 31, 2005

**Annual Meeting Information**

The most recent South Kentucky Rural Electric annual meeting was held June 9, 2005. The minutes of that annual meeting are attached, along with the insert in the Kentucky Living Magazine, describing the annual meeting.

Data for the last five (5) annual meetings are as follows:

<u>Year</u>	<u>Members Attending</u>	<u>Members Voting</u>	<u>Cost</u>
2005	4,989	0	\$191,794
2004	4,026	0	\$172,878
2003	4,191	0	\$175,374
2002	3,170	0	\$162,640
2001	3,454	0	\$143,397



Delivering The



*Best*

**SK** South Kentucky  
**RECC**  
A Touchstone Energy Cooperative

**Annual  
Report  
2004**

# SKRECC: Del

A well-managed company puts the interests of its customers first. Without their support any success is fleeting, so decision makers put themselves in their customers' places and ask themselves, "How would this decision affect me and my family?"

This is where South Kentucky Rural Electric Cooperative Corporation has an advantage.

"We don't have to try to guess how decisions would affect us," says Chief Executive Officer Allen Anderson. "We know firsthand. The majority of our employees, the Board of Directors, all of the management staff, and I, myself, are members of this cooperative and are served by it just like it serves all the other members. We pay the same price for our electricity as each member does. Every decision affects us in exactly the same way it affects the 60,000 homes, farms, schools, factories, offices, and businesses that buy their power from this electric cooperative."

Your 2004 Annual Report is about "Delivering the Best"—the best RATES, the best MEMBER SERVICES, the best in electric RELIABILITY, and the best COMMUNITY SERVICES, all brought to you by the best electric utility EMPLOYEES. The BEST is a lofty goal, but we strive to reach it every day at South Kentucky RECC.

And we don't have to imagine how important reliable, affordable electric power and support services are for our members. We know it—firsthand.

## Delivering the BEST: RATES

Because you live in Kentucky (or, for our members in Tennessee, because you are served by an electric co-op in Kentucky), you have the BEST electric rates in the nation. Kentucky's average residential rates are *less than half* the average residential rates in California, New York, and the six New England states, and well below those of most other states.

Within Kentucky itself, South Kentucky RECC's rates almost perfectly match the statewide average. This is an accomplishment, because rural utilities have higher per-

capita costs than those serving the state's population centers. Urban utilities may serve hundreds of customers per mile of line. This is called "density," and it matters because high density means more people sharing the cost of the electric infrastructure. At South Kentucky RECC, our density is 9.4 members per mile of line.

Urban utilities also counterbalance their residential accounts with large commercial and industrial accounts. Factories and commercial centers reduce rates for everyone because they use large amounts of electricity and the revenues they provide help offset more of the power company's costs of doing business.

South Kentucky RECC has commercial and industrial accounts, too, and they are very important members of our co-op. Dennis Holt, a veteran employee of the co-op, has the responsibility of making regular visits to these accounts to make sure we are meeting all their needs. We also have our own Economic Development office, ably led by SKRECC contract employee Bennie Garland, to recruit and support more of these accounts—not only because they are a large customer of the co-op, but because they provide jobs and stimulate economic growth in our area.

Still, we are primarily a residential co-op: 92.3 percent of our membership is residential, with 6.5 percent commercial and industrial (the balance consists mostly of street and highway lighting). Yet this small minority of commercial/industrial accounts provides 29 percent of our revenue, because most commercial accounts are large users of electricity. Without them, our residential rates would have to be higher.

On the "expense" side of the ledger, it is important to note that more than 70 percent of South Kentucky RECC's total costs of electric service are for "purchased power"—mostly, power generated and sold to us by East Kentucky Power Cooperative (EKPC).

As our membership has grown—we presently deliver electricity to 60,515 meters in rural areas of 11 Kentucky and two Tennessee counties—we have developed an extensive infrastructure of electrical distribution equipment. Based in Somerset, we also operate four district offices and maintain

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**"The Board of Directors and all of our management staff are members of this co-op, too. We pay the same price for our electricity, and every decision affects us in exactly the same way it affects all the members."**

**Allen Anderson, CEO**

# Delivering the Best

Exhibit P  
page 4 of 17

6,407 miles of power line and its rights-of-way. (To put that in perspective, if South Kentucky's power lines were stretched end-to-end they would reach from Lexington, KY, to Anchorage, Alaska, and back; and with 30-foot-wide rights-of-way along much of our overhead system, we are taking care of more than 22,000 acres to prevent trees and other vegetation from causing outages.)

However, as large as our system has become, "operations"—line maintenance and construction, wages and salaries, operating a fleet of vehicles, building maintenance, taxes, property insurance, workers' compensation, health insurance, etc.—account for just under 20 percent of the co-op's costs. Interest, depreciation, taxes, and other fixed costs account for 10 percent.

Which means that 70 percent goes toward purchased power, and maintaining low rates requires controlling the wholesale power costs. As an owner/member of EKPC (along with 16 other Kentucky co-ops), SKRECC participates with the other member co-ops in making sure EKPC remains as a reliable economic source of power for our members.

"East Kentucky is a good power supplier," says Allen Anderson, "but we feel we are the member-representative there. Our purpose is to work for the best value we can attain for our members."

South Kentucky RECC has not had a base rate increase since 1989—there have only been some pass-through wholesale fuel charge adjustments. Besides working to control wholesale power costs, the two factors most responsible for that accomplishment are growth in our membership and growth in consumption.

However, since the terrorist attacks of September 11, 2001, growth and consumption have increased at a much slower rate, and realistically, significant growth in those areas cannot be solely relied upon to cover increasing expenses. And for another reason entirely—an "environmental surcharge" recently approved by the Kentucky Public Service Commission—the members of SKRECC and all other co-ops served by East Kentucky Power Cooperative will soon see an additional surcharge on their electric bills. The surcharge reflects additional costs of power production imposed by required measures to protect the air and environment. (We will present further information on the environmental surcharge, and its impact on SKRECC members, soon in these pages.)

While the surcharge—a line item on forthcoming bills—will raise members' costs, the co-op's own rates appear safe at least this year.

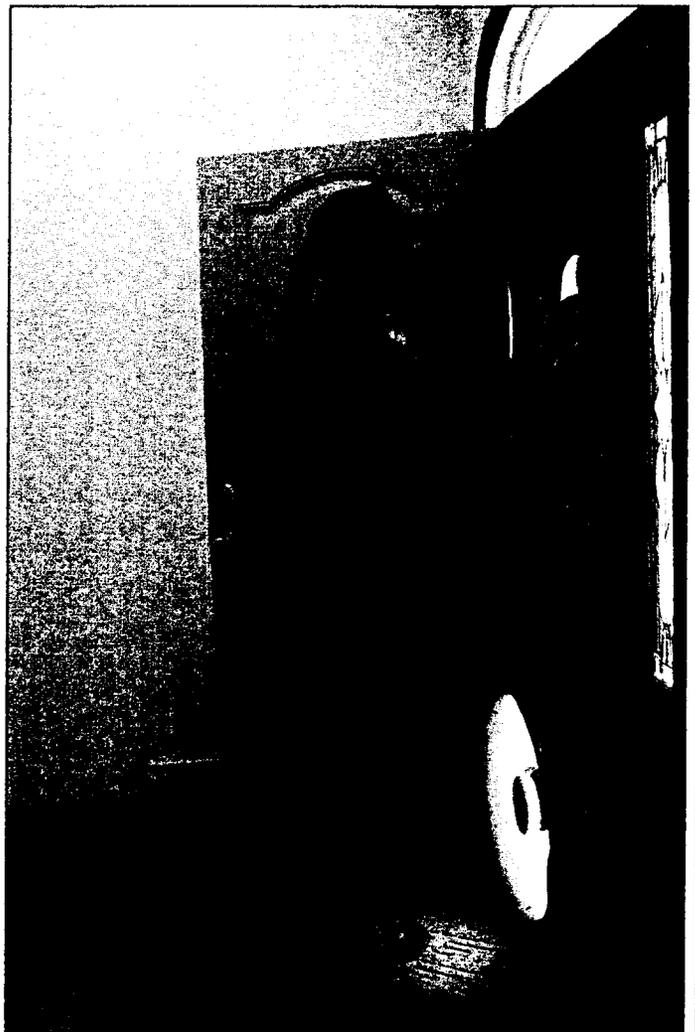
"We will hold the line in 2005, for the 16<sup>th</sup> year," says Anderson, "and we are trying hard to avoid a rate increase in 2006."

Providing the BEST in rates is your co-op's primary goal.

## Delivering the BEST: MEMBER SERVICES

Investor-owned utilities (IOUs) are buying and selling each other in the international corporate marketplace, but South Kentucky RECC remains wholly owned by its member-owners. Delivering the BEST in member services means maintaining South Kentucky RECC's traditional close ties to the member.

IOUs close their field offices to cut costs; South Kentucky has actually been developing its district offices (in Whitley City, Monticello, Russell Springs, and Albany) to be more convenient and responsive to local members. Each office has a maintenance crew to repair and maintain



Part of SKRECC's BEST Member Service is helping members find ways to save electricity. Energy Advisor Jeff Girdler performs a blower door test that will determine the amount of air infiltration that this home is allowing.



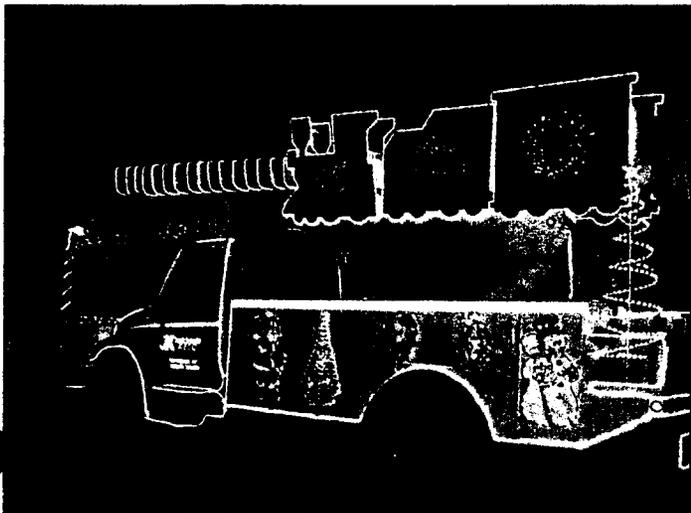
Part of SKRECC's BEST Employees includes ongoing training for linemen and others.

the lines and restore outages, member-services staff to help people with efficient use of electricity and billing concerns, and a warm, friendly, personable cashier for convenient bill paying. Members can also conveniently use the night deposit boxes at each location, or pay online, by mail, by bank draft or credit card draft, and by phone with a credit card.

The BEST member services also include FREE member services. SKRECC offers no-cost energy audits for homes and businesses, and high-bill audits to help people learn why their electric bills have risen and take corrective measures. These services sometimes result in the member's enrollment in "Button-Up," a home-weatherization program that helps pay for energy-efficiency improvements, and "Tune-Up," which improves the operation of their electric forced-air heating units.

These and other demand-side management (DSM) programs help folks reduce their energy consumption resulting in a lower electric bill from their co-op. By the end of 2004, SKRECC had Buttoned-Up 1,624 members' homes, and Tuned-Up 1,359 homes. (EKPC shares in the cost of these DSM programs.)

No electric utility can completely prevent outages. South Kentucky RECC's response to this fact of life has been to



Part of SKRECC's BEST Community Service is participating in local parades.

upgrade its response capabilities and make sure members who are experiencing outages can reach us by phone to provide the information that helps our crews quickly make the necessary repairs.

Our Outage Management System (OMS) software organizes input from co-op personnel and from calls by members reporting outages. It helps dispatchers identify the areas affected, and can actually pinpoint devices on the lines—such as specific fuses, reclosers, and substation breakers—where problems may be occurring.

The Call Research Center (CRC) kicks in to provide added help when the co-op's own employees are experiencing a high volume of outage-complaint calls. CRC employees can field calls from SKRECC members and enter the information into the co-op's OMS database.

Even with CRC, South Kentucky's phone resources can become overwhelmed during severe and widespread outages. But with the addition of these cutting-edge technologies in 2003, SKRECC's member services rank among the BEST of any electric utility.

### Delivering the BEST: RELIABILITY

However, providing the BEST in system reliability requires major efforts to reduce and manage outages, and also assure consistent power quality. To achieve this, a utility must know its system intimately, upgrade its materials, and maintain its right-of-way. It's a never-ending job.

SKRECC implemented a Geographic Information System (GIS) in 2001. Now, every pole, meter, and all elements of the system's infrastructure are precisely mapped. This assists South Kentucky RECC in maintenance, upgrading, planning, and outage response.

Utility equipment—from wooden poles to "conductor" (wires)—can become worn and outdated, and should be replaced. The co-op's 2004-2006 work plan earmarks some \$4 million for replacing wire and related materials. Reclosers, which restore the flow of electricity after momentary interruptions (avoiding prolonged outages), are serviced on a five-year cycle. Our linemen are now replacing some 3,700 outdated lightning arresters with a modern, more reliable design.

The co-op constantly revises its "sectionalizing" plans. By adding fuse points at precise locations, "sectionalizing" reduces the number of members affected by outages. Advanced sectionalizing, in conjunction with GIS mapping, translates to fewer people inconvenienced, and shorter outage durations.

South Kentucky RECC monitors every one of the thousands of power poles on its system. The PSC requires visual inspections every two years. The co-op adds a four-year cycle for more detailed inspection, including hammer soundings to detect rot, and minor repairs to the poles and attachments. Deteriorating poles are scheduled for replacement.

Finally, providing the BEST in system reliability also means maintaining a clear right-of-way (ROW) in those 22,000-plus acres of land. Overgrown ROW's lead directly to outages.

Lately, this job has been harder than usual. Kentucky's countryside was ravaged between 1999 and 2002 by the southern pine beetle infestation. To protect power lines, SKRECC employees and contractors felled 400,000 trees

weakened or killed by the insects. More recently, Kentucky has experienced unusual amounts of precipitation (2004 was the second-wettest year in recorded history); as a result, SKRECC has had to pour more resources and manpower into ROW maintenance, sometimes going back to places that were cleared just months earlier. Under these pressures, the co-op is trying to compress its eight-year reclearing cycle to six years.

South Kentucky RECC spends \$2 million-plus a year on ROW maintenance, and Chief Operating Officer Carol Wright says it's money well-spent. Wright, who worked for two of the state's largest electric utilities before coming to South Kentucky, says, "From my experience, SKRECC's right-of-way program is the BEST and most effective I have seen."

### Delivering the BEST: EMPLOYEES

In all respects, Allen Anderson says, South Kentucky RECC strives to be the best it can be. But when it comes to employees, Anderson has no doubts.

"We've got the BEST," says the CEO. "Since we are member-owned, we try to hire people who really care about the members, and care about providing the services members need. We feel we have been successful in doing that."

Longevity speaks volumes. SKRECC has a staff of 156 employees. Among them, they have approximately 2,600 years of co-op experience! The average employee has been with the co-op for 17 years.

South Kentucky RECC revised its employment practices a few years ago, replacing departments with a team concept and empowering this very experienced group of workers to make judgments and decisions on their own. The administration and Board of Directors believe this model encourages creativity, employee responsibility, efficient problem-solving, and, most importantly, better, quicker service to the member.

SKRECC actually has nine fewer positions than in recent years. Technology enables the company to serve its growing membership and infrastructure with fewer employees, yet the co-op must be sufficiently staffed to maintain standards of service excellence.

Thankfully, this balancing act is made easier by having the BEST, most proven and committed co-op employees.

### Delivering the BEST: COMMUNITY SERVICES

Wherever you go in SKRECC's 13-county service territory, you'll find co-op employees providing the BEST community services through their personal involvement and commitment.

An electric utility has a unique responsibility to help communities and citizens use electricity safely. Our representatives can be found in schools, teaching youngsters about electric power, safety around wires and outlets, and the safe use of appliances. We train fire departments and rescue services whose personnel could be first on the scene at an emergency where power lines pose a potential hazard.

The co-op sponsors student trips to Frankfort, KY. and Washington, D.C., and awards college scholarships to high school seniors everywhere our power lines reach. We support other organizations that are improving life in the area, such as the Air Evac Lifeteam in Albany (SKRECC members qualify for discounts with the emergency helicopter service). South Kentucky RECC donated appliances and a cell tower to



*Part of SKRECC's BEST Employees is assisting other co-ops during major outages. Employees, above, went to Florida last year to help with hurricane relief.*

Foothills Academy in Clinton County, a residential treatment facility for at-risk teenage boys. SKRECC's Community Development office is one of its most significant services, providing know-how and technical assistance to businesses and industries seeking to bring jobs and other benefits to the area.

Our employees also do their part in community service—some of which is on their own time. They are members of local chambers of commerce, service clubs, historical societies, educational programs; they organize and participate in county fairs and farm days, fund-raisers for cancer research and heart disease, the United Way, the March of Dimes, youth sports leagues, and the Master Musicians Festival. Together, they create floats and exhibits to represent the co-op in parades and other events throughout our 13 counties.

They do all this in the pursuit of another "BEST": helping the cities, towns, and neighborhoods where our South Kentucky RECC members live and work to become the very BEST communities they can possibly be.



*Part of SKRECC's BEST Community Service is participating in programs such as a food drive for God's Food Pantry.*

# Delivering the BEST: Board of Directors

## CEO AND BOARD OF DIRECTORS

### MEMBERS BY COUNTY

Adair .....	539
Casey .....	1,579
Clinton .....	6,656
Cumberland .....	20
Laurel .....	10
Lincoln .....	1,189
McCreary .....	6,361
Pulaski .....	26,023
Rockcastle .....	65
Russell .....	9,286
Wayne .....	8,599
Pickett, TN .....	163
Scott, TN .....	25

### ACCOUNTS BILLED

1994 .....	48,384
2004 .....	60,515
25 percent increase	

### AVERAGE RESIDENTIAL KWH USAGE

1994 .....	920
2004 .....	1,079
17 percent increase	

### MILES OF LINE

1994 .....	5,569
2004 .....	6,407
15 percent increase	

### MEMBERS PER MILE

1994 .....	8.68
2004 .....	9.44
8 percent increase	



Allen Anderson  
Head Coach/C.E.O.



Richard G. Stephens  
President  
EKP Representative  
District #6



Charles L. Gore  
Vice President  
KAEC Representative  
District #2



Tom Estes  
Secretary/Treasurer  
District #7



John T. Pruitt Jr.  
District #1



Jerry Purcell  
District #3



Glen Massengale  
District #4



William J. Shearer  
District #5



Darrell Saunders  
Attorney

2004 FINANCIAL INFORMATION

2004 Statement of Earnings

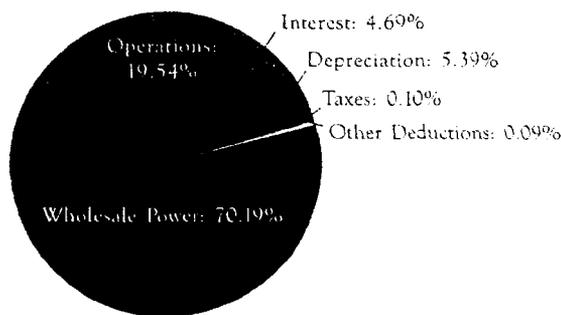
Operating Revenue .....	\$71,916,684
Cost of Electric Service	
Cost of Electricity Purchased From East Kentucky Power .....	\$49,942,624
Cost of Operating the Distribution System .....	\$13,905,836
Depreciation Expense .....	\$ 3,831,582
Interest Expense on Loans .....	\$ 3,336,809
Public Service Commission Assessment .....	\$ 72,243
Other Expenses .....	\$ 61,225
Total Cost of Electric Service .....	\$71,150,319
Gross Profit (Loss) from Sales of Electricity .....	\$766,365
Non-Operating Income .....	\$354,141
Total Profit (Patronage Capital) .....	\$1,120,506

Balance Sheet As of December 31, 2004

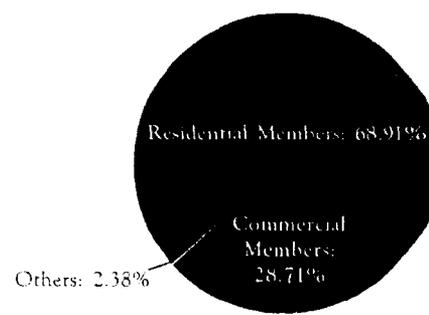
Assets:	
Total Poles, Wires, and Other Equipment .....	\$137,486,299
Less Accumulated Depreciation .....	(\$29,739,486)
Net Value of Poles, Wires, and Other Equipment .....	\$107,746,813
Investments in Associated Organizations .....	\$31,451,417
Cash .....	\$540,449
Accounts and Notes Receivables from Members .....	\$7,461,176
Material in Inventory .....	\$1,234,060
Prepaid Expenses .....	\$478,821
Other Assets .....	\$82,337
Total Assets .....	\$148,995,073
Liabilities and Members' Equity:	
Consumer Deposits .....	\$580,680
Members and Other Equities .....	\$50,596,507
Long-Term Notes Payable .....	\$80,787,977
Notes and Accounts Payable Owed to Vendors .....	\$9,202,588
Other Liabilities .....	\$7,827,321
Total Liabilities and Members' Equity .....	\$148,995,073

**Our Mission:**  
South Kentucky RECC was formed for people, not profit. Its mission is to reliably provide electricity and related services to its members at a competitive price, and improve the quality of life in its communities.

MAJOR COSTS



REVENUE SOURCES



## O F F I C I A L N O T I C E

June 9, 2005

# 67th Annual 2005 Membership

## Meeting Agenda

5:00 p.m. Member Registration

6:00 p.m. Entertainment — Gospel Group: The Blakey Quartet

7:00 p.m. Welcome Members and Guests — CEO Allen Anderson  
 Presentation of Colors — American Legion/Veterans of Foreign Wars  
*(Please stand for the National Anthem)*  
 National Anthem

Invocation — Charles Gore, Director-District 2

Introduction of SKRECC's Board of Directors — CEO Allen Anderson

Introduction of Special Guests — CEO Allen Anderson

Ron Sheets, President, Kentucky Association of Electric Cooperatives

Gary Crawford, Vice President, Marketing and Member Services, East Kentucky Power Cooperative

Introduction of the Moderator (Co-op Attorney Darrell Saunders) of the Business Meeting — CEO Allen Anderson

Business Meeting begins — Darrell Saunders, Co-op Attorney

- Moderator declares a quorum present.
- Reads official notice and proof of mailing.
- Reads minutes of 2004 Annual Meeting, or hears motion to dispense with reading of the minutes.
- Presents financial report.
- Reads Nominating Committee Report on the election

of board members for Districts 1 and 5. The following have been nominated:

District 1... John Pruitt, Jr.

District 5... William Shearer

New Business:

CEO's Report—Allen Anderson

Old Business

Adjourn Business Meeting

2005 Senior Scholarship Recipients Presentation

2005 Washington Youth Tour Winner Recognition

Prize Drawings\* — Dennis Cannon *\*You must be present to win.*

Featured Entertainment — Blake Shelton

Children's Entertainment — children's rides and face painting (this will be taking place on the meeting grounds throughout the evening)

### Blake Shelton

"Austin"  
 "Ol' Red"  
 "Some Beach"  
 "Goodbye Time"



Also presented by **Wrangler**

# ANNUAL REPORT

South Kentucky Rural  
Electric Cooperative

2003

1938

1958

BUILDING FOR THE FUTURE...

1978

1998

2018

A supplement to *Kentucky Living*

2038

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# SKRECC: BUILDING FOR THE FUTURE...

In this year's annual report, South Kentucky Rural Electric Cooperative has a major announcement to make: the co-op is moving.

All five South Kentucky RECC buildings, including the central office in Somerset and the district offices in Whitley City, Russell Springs, Monticello, and Albany, will be replaced over the next 18 months or so by new, more modern, and more convenient facilities—*built in the same communities*—that will carry the co-op into the dynamic years of growth and technological advancement that lie ahead.

The decision to undertake a project that includes purchasing real estate, building new structures, and moving staff in five places did not come easily. However, once the board of directors and co-op management had examined growth trends and indicators for the co-op's future, the conclusion was irrefutable: inevitably, South Kentucky RECC must grow to serve a membership that is rapidly increasing, and expansion of the current facilities no longer is feasible.

The main office in Somerset was constructed in 1951. There have been seven additions to the building since then, and the co-op has also developed the yard to accommodate more trucks, more storage space for more equipment, more parking for staff, and a higher volume of traffic at the drive-up windows. The Somerset property

has simply run out of room.

The district offices face similar problems on a smaller scale. Plus, demands on those buildings have increased as SKRECC has decentralized services in order to be more responsive to the needs of members throughout the 13-county territory. Line-construction and line-maintenance workers, material warehouse facilities, pole yards, transformer docks, member services representatives, and billing clerks now can be found in the district offices.

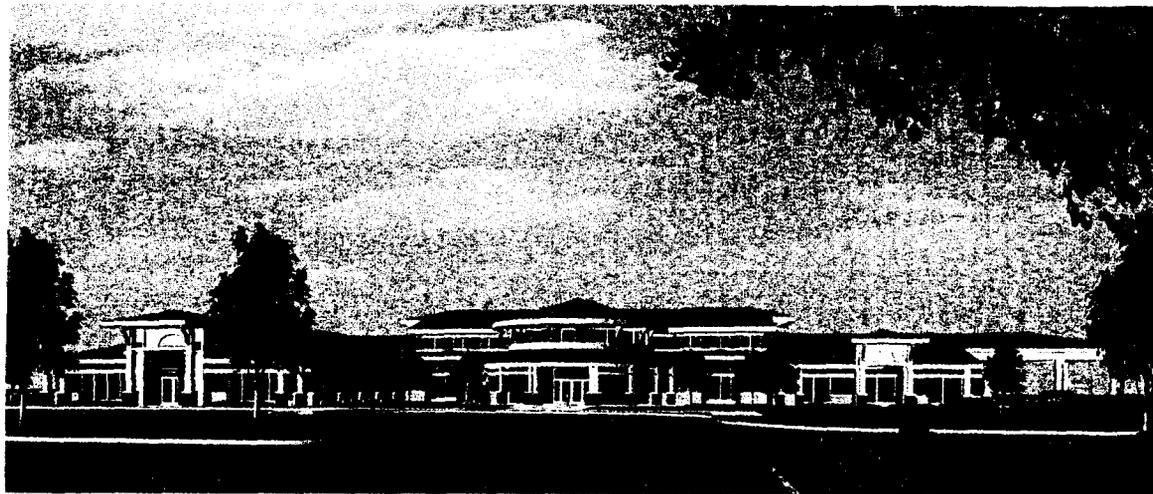
In summary, growth for South Kentucky RECC is a fact of life, and the co-op must upgrade and modernize to keep up with the demands.

The space problem has been gradually worsening for years, but to get a better sense of what the future holds, the board of directors hired a consultant in October 2002 from the National Rural Electric Cooperative Association in Arlington, Virginia. The consultant analyzed the co-op's history, and applied regional demographic information to project membership growth over the coming 20 years. He then compared the results with present staffing and office resources.

Here's the story they told.

In 1951, when South Kentucky RECC moved into its headquarters on Main Street in Somerset, co-op membership stood at 10,178 farms, homes, schools, stores, and businesses. Fifty years later (2001), Lake Cumberland had made south-

*Design of the proposed new South Kentucky RECC office to be located in Somerset.*



central Kentucky something of a destination area, there was more industry in the area, and population had expanded. The co-op had grown by more than 500 percent, to include 56,857 members. SKRECC employed 156 full-time workers.

The consultant then projected forward to 2018.

"The consultant's report says that by then we'll have 82,000 consumers and 205 to 215 full-time employees," says South Kentucky CEO Allen Anderson. "The present facility wasn't even designed to accommodate a company of the size we are today. We've stretched our usage here as far as we can stretch it, and we've got a lot of growth ahead of us."

Growth isn't the only reason that the co-op needs new offices. Technology has changed. In 1951 it was telephones and typewriters. Today it's multiple phone lines and extensions, scores of computer stations, Internet and intranet cable, and the technology that supports advanced systems like global positioning (GPS) and South Kentucky's state-of-the-art outage-management system, which was installed in 2003.

"With older facilities like we have, it's harder and harder to adapt them to new technologies," says Anderson. "They're not wired for it, and not laid out and constructed in a way that you can keep adding more systems and connections."

These technologies are not frivolous investments. They are necessary for the co-op to provide the electric services and rapid response modern consumers expect. This isn't the South Kentucky RECC of 1951—and just

as important, today's co-op isn't the South Kentucky RECC we will see in 2018. That was an important part of the board's thinking.

"We are not only responsible for the co-op's operations today, but we're responsible to the co-op and its members in the years ahead," says Anderson. "We're member-owned, and we're not going anywhere. These new facilities represent a strong affirmation of our commitment to our communities to be a cornerstone in these communities and our commitment to continue improving services for our members."

The new buildings will also improve South Kentucky's ability to perform one of its oldest, most traditional functions: providing community rooms that are available to local groups and organizations.

"We've provided this service for about as long as the co-op has existed," says Anderson. "It reflects our vision of the

co-op as being a functioning, central part of the community, rather than just a business that happens to be located here. But these rooms have become inadequate for many of the functions people want to use them for, and the parking isn't adequate. Consequently we've had to restrict those rooms to after-business use.

"That's one of the many things that will change for the better as we move into new facilities."

### Financing the project

Purchasing real estate in five locations and constructing five office/warehouse complexes will be a costly investment. The board of directors has projected total costs at about \$15 to \$18 million. Some savings will be realized through efficiencies, by doing the projects all at once.

An undetermined portion of project costs will eventually be recouped by selling the current properties. These include not just the buildings in Somerset, Monticello, Russell Springs, Albany, and Whitley City, but the 65-acre co-op "farm" in Pulaski County where

South Kentucky RECC holds its popular annual meetings. There will be enough acreage at the new Somerset site to stage the family-oriented annual meeting there, as well as being available year-round for community use and other outdoor events.

"Financially," says

Anderson, "we felt this was the best time to get this project under way, because interest rates are unusually low, and we must plan ahead to service future needs."

South Kentucky RECC has not raised members' electric rates since 1989. No rate increases are anticipated for at least two years, and possibly longer. The debt structure, money recouped from property sales, and the co-op's financial health will enable the co-op to undertake this project with minimal impact on consumers.

Look for ongoing information on the co-op's construction projects in public places, such as libraries, in *Kentucky Living Magazine*, and in local newspapers. SKRECC has held community meetings in recent months, which included informing people about this newly planned and important project, and will continue to do so. As this project progresses, members will be given the opportunity

**"We are not only responsible for the co-op's operations today, but we're responsible to the co-op and its members in the years ahead"  
--Allen Anderson, CEO**

**T O D A Y**

to see what has taken place and will also be given the opportunity to comment on the project.

Groundbreaking at all five locations is expected this summer. District offices may actually be completed in 2004. Completion of the main office and warehouse complex is expected sometime in 2005.

### The People Fund

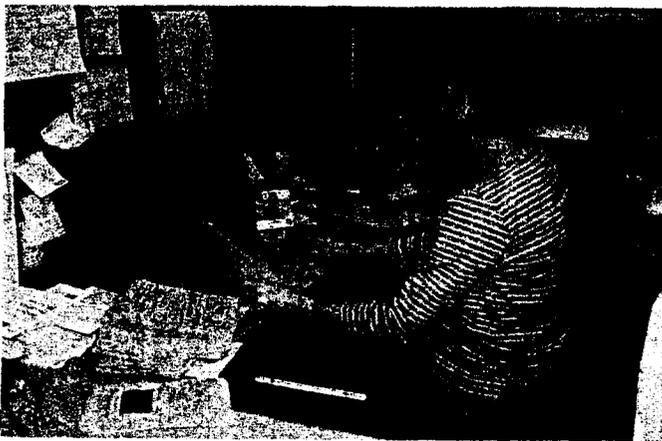
February saw the introduction of a new program for South Kentucky RECC—The People Fund, which provides co-op members a way to contribute, with just the smallest of sacrifices, to the well-being of their communities.

The People Fund pools voluntary contributions from co-op members to make grants to non-profit organizations doing humanitarian or charitable work in South Kentucky RECC's service territory. Local organizations will apply to an eight-member board that will administer the fund, and the board members will choose where the grants might have the greatest impact. Certain rules govern the board's decisions. For example, the fund will not make contributions toward people's electric bills; and all contributions will go to local causes. (While fund recipients normally will be community groups or organizations, the board will consider donations to families or individuals who have suffered a catastrophic illness or household disaster.)

Perhaps the most appealing aspect of the fund is the way co-op members can contribute to it. They can do so merely by authorizing South Kentucky RECC to "round-up" their monthly electric bills to the next-higher dollar. In some months, that could be as little as a penny. For example, if the normal tally for your electricity usage came to \$78.99, the co-op would send you a bill for \$79 and donate the extra penny to The People Fund.

At most, your contribution in any month would be 99 cents. Most contributions would fall closer to the middle.

The beauty of this system is that if enough South Kentucky RECC members join The People Fund program,



*Auburn Cook, Marketing Records Coordinator, enters some of the nearly 1,200 People Fund forms received in the past month.*

their small, almost unnoticeable contributions can add up. With a co-op membership now approaching 60,000, monthly contributions to the fund could reach some \$15,000 if only half the members joined up (assuming an average contribution of 50 cents). Even with the relatively small grants contemplated by The People Fund board—perhaps \$5,000 at most—it's enough money to make a difference in people's lives.

That's why the slogan for The People Fund is "Change for Change."

"Great things can be accomplished for less than the price of a cup of coffee each month," says Ruby Patterson, South Kentucky's Member Services and Marketing Team Leader, who sits on the fund's eight-member board.

Local, charitable giving is a practice encouraged by Touchstone Energy, a national alliance of rural electric cooperatives, which South Kentucky RECC joined in 1997. It is also central to the Cooperative Principles adopted in 1995 by the International Cooperative Alliance.

The first South Kentucky RECC member to sign up for The People Fund was CEO Allen Anderson. The co-op's board of directors and more than 100 co-op employees quickly followed suit.

Says Anderson, "We feel we have a special responsibility that goes beyond our main purpose, which is providing low-cost, reliable electric service. The People Fund is an excellent way to help those in need. None of the money collected for The People Fund goes into operations. The administrative and operational costs of the program are covered by SKRECC through its already internal overhead. Every dime of that money will go back into our communities."

The co-op established a non-profit tax-exempt corporation, the South Kentucky Rural Electric Trust, to administer the program (donations to the fund are tax-deductible). The directors of the Trust include several South Kentucky RECC member-services representatives, whose jobs at the co-op provide them insight each day into things that are happening in the community.

It will take time for word to get out about the fund, for its membership to grow, and to accumulate significant resources. Once established, fund directors will meet quarterly to review grant applications and approve donations.

Members interested in signing up for The People Fund are encouraged to contact South Kentucky RECC. Organizations that believe they might qualify as grant recipients are encouraged to inquire.

### Your Co-op Electric Rates

When industry officials coined the term "too cheap to meter" in the 1960s, they were talking about nuclear-generated electricity. As everyone knows, nuclear energy never lived up to the claim.

Electricity is not free, and cannot be. The infrastructure required to generate power, transport it long distances over high-voltage transmission lines, reduce the voltage at substations, and distribute it to homes, farms, schools, businesses, and factories represents a massive public and private investment. (In September and October of 2003, South Kentucky RECC presented a two-part series in *Kentucky Living*

titled "Where Power Comes From," which described the enormous job of making sure the system is ready when you flick on your lights.)

Time and experience have shown that the best deal, financially, for electric power is not nuclear energy, but coal. And the places with ready access to this fuel are the places with the lowest-cost power.

More than anywhere else in the country, that place is Kentucky. The Bluegrass State has the lowest electric rates in the United States.

At last count (and depending *how* you count) there were some 34 electric utilities operating in Kentucky, including rural electric co-ops, investor-owned utilities, and municipal utilities. The average residential electricity rate among all those utilities, as of August 2003, was 5.8 cents per kilowatt-hour (kWh). No other state was lower than 6 cents/kWh (the lowest were Washington and West Virginia, both at 6.2 cents).

But what about South Kentucky RECC? Where do its rates fall, in comparison to Kentucky's 30-some other utilities?

Your co-op's present residential rate average is 5.6 cents/kWh, which ranks South Kentucky in the lower one-third of electric cooperatives in the state. This represents a significant accomplishment, because it is hard for a rural electric utility to maintain low rates. Building and maintaining an electric distribution system in rough and remote terrain, where rights-of-way go across mountains and through forests, where power lines are highly susceptible to damage, and where there are fewer farms, homes, and businesses to defray the costs, puts co-ops at a financial disadvantage. On the other hand, co-ops don't have to build in a profit margin for investors.

South Kentucky RECC, therefore, provides residential electricity at rates that compare favorably within Kentucky. And Kentucky has the lowest rates in the nation.

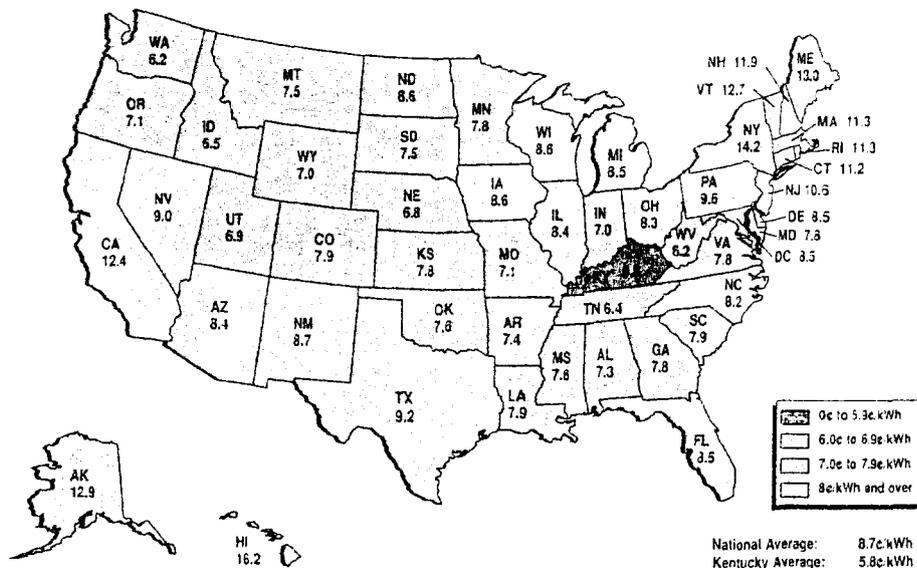
This is why, when people express concern about their electric bills, South Kentucky RECC has two responses. The first is to ask people to consider their consumption. The second is to offer home energy audits to help members figure out whether they are inadvertently wasting power because of deficiencies or problems in their home energy systems.

**Consumption:** The average co-op member today uses 35 times as much electric power as our predecessors in 1940. This is not surprising, considering the many new uses we have for electricity. In 1940 the average South Kentucky RECC member consumed 32 kWh per month. By 2003 average monthly residential usage had climbed to 1,130 kilowatt-hours.

## Kentucky's Residential Electric Rates Rank Lowest In The Nation\*

Exhibit P  
page 14 of 17

THE NATIONAL AVERAGE IS 50% HIGHER THAN KENTUCKY'S



\*Source: U.S. Department of Energy Data, Estimated U.S. Electric Average Revenue per Kilowatt-hour, August 2003

South Kentucky RECC has not had a rate increase since 1989. Growth is the main reason the co-op has been able to hold the line against rate increases.

What has not increased, in the last 15 years, are South Kentucky RECC's electric rates. They have held fast since 1989. "It's not the price of electricity that's gone up," says CEO Anderson. "It's the consumption of electricity." Care and conservation in electricity usage can help people lower their electric bills.

**Energy audits:** South Kentucky RECC performs approximately 500 free energy audits each year. Audits frequently are triggered when someone calls to voice concern about a high electric bill. At other times people ask specifically for the service. The co-op employs four energy advisors, who visit homes (when invited) to examine the structure itself and the electrical equipment, talk to residents about their energy usage, and make recommendations.

South Kentucky RECC also offers the Button-Up program to help qualifying members make weatherization improvements, and Tune-Up, for refurbishing electric heating systems.

Even in Kentucky electricity costs money. As a member-owned cooperative, South Kentucky RECC is not interested in selling more power to increase profits, because "profits" don't exist for co-ops. Instead, the goal is to provide the best service at the lowest rates, and where possible, help members reduce their electric bills.

"We're trying to be the best stewards of our members' money that we can be," says Anderson. "That's been our role since the cooperative was founded in Wayne County in 1938."

It will continue to be South Kentucky RECC's goal for the years ahead.

# YOUR BOARD: BUILDING FOR THE FUTURE...

## CEO AND BOARD OF DIRECTORS

### MEMBERS BY COUNTY

Adair .....	530
Casey .....	1,572
Clinton .....	6,574
Cumberland .....	20
Laurel .....	9
Lincoln .....	1,993
McCreary .....	6,310
Pulaski .....	25,399
Rockcastle .....	64
Russell .....	9,109
Wayne .....	8,444
Pickett, TN .....	163
Scott, TN .....	25

### ACCOUNTS BILLED

1993 .....	46,879
2003 .....	59,412
	<i>27 percent increase</i>

### AVERAGE RESIDENTIAL KWH USAGE

1993 .....	923
2003 .....	1,082
	<i>17 percent increase</i>

### MILES OF LINE

1993 .....	5,508
2003 .....	6,320
	<i>15 percent increase</i>

### MEMBERS PER MILE

1993 .....	8.51
2003 .....	9.40
	<i>10 percent increase</i>



Allen Anderson  
*Head Coach/C.E.O.*



Richard G. Stephens  
*President*  
*EKP Representative*  
*District #6*



Charles L. Gore  
*Vice President*  
*KAEC Representative*  
*District #2*



Tom Estes  
*Secretary/Treasurer*  
*District #7*



John T. Pruitt Jr.  
*District #1*



Jerry Purcell  
*District #3*



Glen Massengale  
*District #4*



William J. Shearer  
*District #5*



Darrell Saunders  
*Attorney*

2003 FINANCIAL INFORMATION

2003 Statement of Earnings

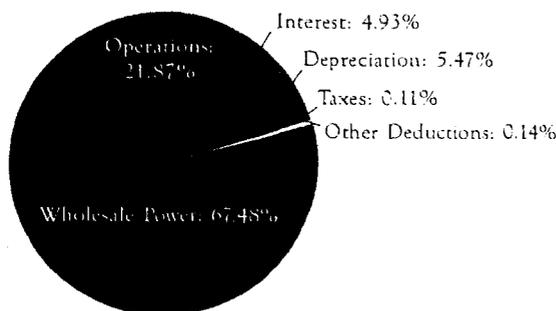
Operating Revenue .....	\$64,030,569
Cost of Electric Service	
Cost of Electricity Purchased From East Kentucky Power .....	\$44,151,255
Cost of Operating the Distribution System .....	\$14,305,710
Depreciation Expense .....	\$ 3,576,181
Interest Expense on Loans .....	\$ 3,228,099
Public Service Commission Assessment .....	\$ 74,281
Other Expenses .....	\$ 90,424
Total Cost of Electric Service .....	\$65,425,950
Gross Profit (Loss) from Sales of Electricity .....	\$(1,395,381)
Non-Operating Income .....	\$3,665,078
Total Profit (Patronage Capital) .....	\$2,269,697

Balance Sheet As of December 31, 2003

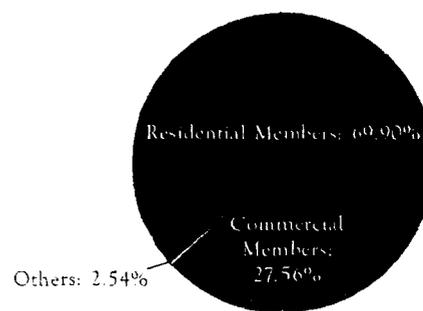
Assets:	
Total Poles, Wires, and Other Equipment .....	\$129,197,471
Less Accumulated Depreciation .....	(\$28,261,123)
Net Value of Poles, Wires, and Other Equipment .....	\$100,936,348
Investments in Associated Organizations .....	\$31,976,743
Cash .....	\$999,947
Accounts and Notes Receivables from Members .....	\$4,301,310
Material in Inventory .....	\$1,164,313
Prepaid Expenses .....	\$121,634
Other Assets .....	\$48,143
Total Assets .....	\$139,548,438
Liabilities and Members' Equity:	
Consumer Deposits .....	\$556,150
Members and Other Equities .....	\$50,187,739
Long-Term Notes Payable .....	\$72,449,518
Notes and Accounts Payable Owed to Vendors .....	\$8,750,256
Other Liabilities .....	\$7,604,775
Total Liabilities and Members' Equity .....	\$139,548,438

**Our Mission:**  
South Kentucky RECC was formed for people, not profit. Its mission is to reliably provide electricity and related services to its members at a competitive price, and improve the quality of life in its communities.

MAJOR COSTS



REVENUE SOURCES



## O F F I C I A L N O T I C E

June 3, 2004

# 66th Annual 2004 Membership

## Meeting Agenda

5:00 p.m. Member Registration

6:00 p.m. Entertainment — The Calvary Echoes

7:00 p.m. Welcome Members and Guests — CEO Allen Anderson

Presentation of Colors — American Legion/Veterans of Foreign Wars  
(Please stand for the National Anthem)

National Anthem

Invocation — Charles Gore, Director-District 2

Introduction of SKRECC's Board of Directors — CEO Allen Anderson

Introduction of Special Guests — CEO Allen Anderson

Ron Sheets, President, Kentucky Association of Electric Cooperatives

Roy Palk, President & CEO, East Kentucky Power Cooperative

Introduction of the Moderator (Co-op Attorney Darrell Saunders) of the Business Meeting — CEO Allen Anderson

Business Meeting begins — Darrell Saunders, Co-op Attorney

- Moderator declares a quorum present.
- Reads official notice and proof of mailing.
- Reads minutes of 2003 Annual Meeting, or hears motion to dispense with reading of the minutes.
- Presents financial report.
- Reads Nominating Committee Report on the election of board members for Districts 4 and 7. The following have been nominated:
  - District 4...Glen Massengale
  - District 7...Tom Estes

New Business:

CEO's Report—Allen Anderson

Old Business

Adjourn Business Meeting

2004 Senior Scholarship Recipients Presentation

2004 Washington Youth Tour Winner Recognition

Prize Drawings\* — Dennis Cannon *\*You must be present to win.*

Featured Entertainment — Mel Tillis

Children's Entertainment — Rick Arnold, children's rides, and face painting  
(this will be taking place on the meeting grounds throughout the evening)



Mel Tillis

USDA - RUS

**FINANCIAL AND STATISTICAL REPORT**

BORROWER DESIGNATION  
**Kentucky 54 Wayne**

**Exhibit Q**  
page 1 of 24

BORROWER NAME AND ADDRESS  
**South Kentucky R.E.C.C.  
925-929 North Main Street  
Somerset, Kentucky 42501**

INSTRUCTIONS - Submit an original and two copies to RUS. Round all amounts to nearest dollar. For detailed instructions, see Bulletin 1717B-2.

PERIOD ENDED  
**30-Sep-04**

RUS USE ONLY

**CERTIFICATION**

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

*[Signature]*  
SIGNATURE OF OFFICE MANAGER OR ACCOUNTANT

*[Signature]*  
SIGNATURE OF MANAGER

10-25-04  
DATE

10-22-04  
DATE

**PART A. STATEMENT OF OPERATIONS**

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1 Operating Revenue and Patronage Capital.....	48,848,153.22	53,831,675.66	50,070,181.00	5,559,879.21
2 Power Production Expense.....				
3 Cost of Purchased Power.....	32,673,478.00	37,154,764.00	32,147,273.00	3,727,077.00
4 Transmission Expense.....				
5 Distribution Expense - Operation.....	1,949,684.32	2,208,641.97	2,389,536.64	235,517.60
6 Distribution Expense - Maintenance.....	3,200,366.86	3,510,008.03	3,250,540.23	368,515.30
7 Consumer Accounts Expense.....	1,971,504.35	2,216,641.87	1,968,358.25	244,079.40
8 Customer Service and Informational Expense.....	488,040.69	451,622.81	435,832.23	40,448.30
9 Sales Expense.....	9,492.10	11,614.08	10,278.80	1,402.81
10 Administrative and General Expense.....	2,370,913.47	2,264,862.32	2,456,590.27	249,709.52
1 Total Operation & Maintenance Expense (2 thru 10).....	42,663,479.79	47,818,155.08	42,658,409.42	4,866,749.93
2 Depreciation and Amortization Expense.....	2,658,745.20	2,854,775.74	2,861,811.00	322,754.00
3 Tax Expense - Property & Gross Receipts.....	74,280.78	72,243.13	83,500.00	
4 Tax Expense - Other.....			0.00	
5 Interest on Long - Term Debt.....	2,379,385.51	2,346,728.86	2,483,731.00	275,102.01
6 Interest Charged to Construction - Credit.....				
7 Interest Expense - Other.....	30,369.22	38,965.55	6,500.00	878.43
8 Other Deductions.....	67,450.17	58,832.44	27,000.00	876.54
9 Total Cost of Electric Service (11 thru 18).....	47,873,710.67	53,189,700.80	48,120,951.42	5,466,360.91
10 Patronage Capital & Operating Margins (1 minus 19).....	974,442.55	641,974.86	1,949,229.58	93,518.30
11 Non-Operating Margins - Interest.....	280,046.40	175,987.61	172,494.00	14,593.29
12 Allowance for Funds Used During Construction.....				
13 Income (Loss) from Equity Investments.....	(64,627.69)			
14 Non Operating Margins - Other.....	(69,966.69)	41,936.00	(4,442.00)	6,908.40
15 Generation and Transmission Capital Credits.....				
16 Other Capital Credits and Patronage Dividends.....	96,167.80	98,391.41		40,059.53
17 Extraordinary Items.....				
18 Patronage Capital or Margins (20 thru 27).....	1,216,062.37	958,289.88	2,117,281.58	155,079.52

**PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT**

ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1 New Services Connected	1,679	1,793	5 Miles Transmission		
2 Services Retired	716	826	6 Miles Distribution - Overhead	6,048.67	6,103.49
3 Total Services in Place	68,720	70,018	7 Miles Distribution - Underground	252.25	283.85
4 Idle Services (Exclude Seasonal)	9,462	9,851	8 Total Miles Energd. (5 + 6 + 7)	6,300.92	6,387.34

FINANCIAL AND STATISTICAL REPORT

INSTRUCTIONS - See RUS Bulletin 1717B-2

PART C. BALANCE SHEET

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service.....	133,984,405.85	29. Memberships.....	1,146,060.00
2. Construction Work in Progress.....	1,040,980.54	30. Patronage Capital.....	48,591,938.87
3. Total Utility Plant (1 + 2).....	135,025,386.39	31. Operating Margins - Prior Years.....	
4. Accum. Provision for Depreciation and Amort.....	29,092,430.78	32. Operating Margins - Current Year.....	740,366.27
5. Net Utility Plant (3 - 4).....	105,932,955.61	33. Non Operating Margins.....	217,923.61
6. Nonutility Property - Net.....	225,860.32	34. Other Margins and Equities.....	428,158.91
7. Investments in Subsidiary Companies.....	276,276.50	35. Total Margins & Equities (30 thru 35).....	51,124,447.66
8. Invest. In Assoc. Org. - Patronage Capital.....	19,236,849.14	36. Long - Term Debt - REA (Net).....	61,099,007.90
9. Invest. In Assoc. Org. - Other - General Funds.....	1,747,247.06	(Payments - Unapplied S.....)	
10. Invest. In Assoc. Org. - Other - Nongeneral Funds.....		37. Long - Term - Other - Econ. Devel. (Net).....	
11. Investments in Economic Development Projects.....		38. Long - Term Debt - FFB - REA Guaranteed.....	
12. Other Investments.....		39. Long - Term Debt - Other - REA Guaranteed.....	
13. Special Funds.....		40. Long - Term Debt - Other (Net).....	12,450,714.89
14. Total Other Property and Investments (6 thru 13).....	21,486,233.12	41. Total Long - Term Debt (36 thru 40).....	73,549,722.79
15. Cash - General Funds.....	398,701.97	42. Obligations Under Capital Leases.....	
16. Cash - Construction Funds - Trustee.....		43. Accumulated Operating Provisions.....	3,640,913.47
17. Special Deposits.....		44. Total Other Noncurrent Liabilities (42 + 43).....	3,640,913.47
18. Temporary Investments.....	6,161,377.00	45. Notes Payable.....	256,299.98
19. Notes Receivable - (Net).....	(6,468.17)	46. Accounts Payable.....	4,782,642.63
20. Accounts Receivable - Sales of Energy.....	3,068,075.33	47. Consumers Deposits.....	586,864.67
21. Accounts Receivable - Other (Net).....	633,595.34	48. Curr Maturities Long-Term Debt.....	2,028,432.27
22. Materials and Supplies - Electric and Other.....	1,186,747.04	49. Curr Maturit LT Debt ECON Dev.....	
23. Prepayments.....	374,500.89	50. Curr Maturities Capital Leases.....	
24. Other Current and Accrued Assets.....	710,412.09	51. Other Current and Accrued Liabilities.....	1,334,611.73
25. Total Current and Accrued Assets (15 thru 24).....	12,526,941.49	52. Total Current & Accrued Liabilities (45 thru 48).....	8,998,851.28
26. Regulatory Assets.....		53. Regulatory Liabilities.....	
27. Other Deferred Debits.....	422,554.81	54. Deferred Credits.....	3,054,749.83
28. Total and Other Debits (5 + 14 + 25 thru 28).....	140,368,685.03	55. Total Liabilities and Other Credits (36 + 41 + 44 thru 51).....	140,368,685.03
		<b>ESTIMATED CONTRIBUTIONS IN AID OF CONSTRUCTION</b>	
		Balance Beginning of Year.....	
		Amounts Received This Year (Net).....	
		Total Contributions in Aid of Construction.....	

PART D. NOTES TO FINANCIAL STATEMENTS

THE SPACE BELOW IS PROVIDED FOR IMPORTANT NOTES REGARDING THE FINANCIAL STATEMENT CONTAINED IN THIS REPORT.

(IF ADDITIONAL SPACE IS NEEDED, USE SEPARATE SHEET.)

USDA-RUS  <b>FINANCIAL AND STATISTICAL REPORT</b>	BORROWER DESIGNATION <b>Kentucky 54 Wayne</b> BORROWER NAME AND ADDRESS <b>South Kentucky R.E.C.C.                  925-929 North Main Street                  Somerset, Kentucky 42501</b>
	<b>Exhibit Q</b> page 3 of 24

INSTRUCTIONS - Submit an original and two copies to RUS. Round all amounts to nearest dollar. For detailed instructions, see Bulletin 17-78-2.	PERIOD ENDED 31-Oct-04	RUS USE ONLY
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**CERTIFICATION**

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

 SIGNATURE OF OFFICE MANAGER OR ACCOUNTANT	12-1-04 DATE
 SIGNATURE OF MANAGER	11-24-04 DATE

**PART A. STATEMENT OF OPERATIONS**

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Operating Revenue and Patronage Capital.....	53,301,614.41	58,582,146.91	54,486,007.00	4,750,471.25
2. Power Production Expense.....				
3. Cost of Purchased Power.....	35,712,740.00	40,343,181.00	35,115,307.00	3,188,417.00
4. Transmission Expense.....				
5. Distribution Expense - Operation.....	2,159,160.82	2,453,688.98	2,651,413.87	245,047.01
6. Distribution Expense - Maintenance.....	3,764,555.13	3,866,756.13	3,624,638.49	356,748.10
7. Consumer Accounts Expense.....	2,211,925.39	2,465,031.04	2,182,337.96	248,389.17
8. Customer Service and Informational Expense.....	544,905.64	492,894.47	480,382.83	41,271.66
9. Sales Expense.....	10,584.45	12,820.85	11,392.46	1,206.77
10. Administrative and General Expense.....	2,657,555.27	2,541,132.84	2,754,799.06	276,270.52
11. Total Operation & Maintenance Expense (2 thru 10).....	47,061,426.70	52,175,505.31	46,820,271.67	4,357,350.23
12. Depreciation and Amortization Expense.....	2,962,331.17	3,178,982.39	3,182,290.00	324,206.65
13. Tax Expense - Property & Gross Receipts.....	74,280.78	72,243.13	83,500.00	
14. Tax Expense - Other.....			0.00	
15. Interest on Long - Term Debt.....	2,655,984.78	2,630,824.04	2,772,117.00	284,095.18
16. Interest Charged to Construction - Credit.....				
17. Interest Expense - Other.....	31,043.53	39,469.83	7,500.00	504.28
18. Other Deductions.....	70,355.92	59,705.35	30,000.00	872.91
19. Total Cost of Electric Service (11 thru 18).....	52,855,422.88	58,156,730.05	52,895,678.67	4,967,029.25
20. Patronage Capital & Operating Margins (1 minus 19).....	446,191.53	425,416.86	1,590,328.33	(216,558.00)
21. Non-Operating Margins - Interest.....	307,538.14	196,532.71	191,660.00	20,545.10
22. Allowance for Funds Used During Construction.....				
23. Income (Loss) from Equity Investments.....	(64,627.69)			
24. Non Operating Margins - Other.....	(76,252.01)	30,634.66	(5,976.00)	(11,301.34)
25. Generation and Transmission Capital Credits.....				
26. Other Capital Credits and Patronage Dividends.....	98,370.80	98,391.41		
27. Extraordinary Items.....				
28. Patronage Capital or Margins (20 thru 27).....	711,220.77	750,975.64	1,776,012.33	(207,314.24)

**PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT**

ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	1,910	1,998	5. Miles Transmission		
2. Services Retired	825	916	6. Miles Distribution - Overhead	6,054.69	6,107.54
3. Total Services in Place	68,842	70,133	7. Miles Distribution - Underground	254.90	286.66
4. Idle Services (Exclude Seasonal)	9,200	9,583	8. Total Miles Energ. (5 + 6 + 7)	6,309.59	6,394.20

**FINANCIAL AND STATISTICAL REPORT**

Kentucky 54 Wayne **Exhibit Q**

PERIOD ENDED

page 4 of 24 RUS ONLY

INSTRUCTIONS - See RUS Bulletin 1717B-2

31-Oct-04

**PART C. BALANCE SHEET**

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service.....	134,522,994.80	29. Memberships.....	1,144,865.00
2. Construction Work in Progress.....	1,122,117.75	30. Patronage Capital.....	47,908,669.90
3. Total Utility Plant (1 + 2).....	<b>135,645,112.55</b>	31. Operating Margins - Prior Years.....	
4. Accum. Provision for Depreciation and Amort.....	29,302,387.84	32. Operating Margins - Current Year.....	523,808.27
5. Net Utility Plant (3 - 4).....	<b>106,342,724.71</b>	33. Non Operating Margins.....	227,167.37
6. Nonutility Property - Net.....	221,809.09	34. Other Margins and Equities.....	434,059.06
7. Investments in Subsidiary Companies.....	276,276.60	35. Total Margins & Equities (30 thru 35).....	<b>50,238,569.60</b>
8. Invest. In Assoc. Org. - Patronage Capital.....	19,236,849.14	36. Long - Term Debt - REA (Net)	69,361,180.77
9. Invest. In Assoc. Org. - Other - General Funds.....	1,747,247.06	(Payments - Unapplied \$.....)	
10. Invest. In Assoc. Org. - Other - Nongeneral Funds.....		37. Long - Term - Other - Econ. Devel. (Net).....	
11. Investments in Economic Development Projects.....		38. Long - Term Debt - FFB - REA Guaranteed.....	
12. Other Investments.....		39. Long - Term Debt - Other - REA Guaranteed.....	
13. Special Funds.....		40. Long - Term Debt - Other (Net).....	12,450,714.89
14. Total Other Property and Investments (6 thru 13).....	<b>21,482,181.89</b>	41. Total Long - Term Debt (36 thru 40).....	<b>81,811,895.66</b>
15. Cash - General Funds.....	855,480.46	42. Obligations Under Capital Leases.....	
16. Cash - Construction Funds - Trustee.....		43. Accumulated Operating Provisions.....	3,651,982.57
17. Special Deposits.....		44. Total Other Noncurrent Liabilities (42 + 43).....	<b>3,651,982.57</b>
18. Temporary Investments.....	12,508,565.89	45. Notes Payable.....	
19. Notes Receivable - (Net).....	(15,241.17)	46. Accounts Payable.....	4,302,692.41
20. Accounts Receivable - Sales of Energy.....	2,570,171.94	47. Consumers Deposits.....	569,784.67
21. Accounts Receivable - Other (Net).....	681,185.11	48. Curr Maturities Long-Term Debt.....	2,028,432.27
22. Materials and Supplies - Electric and Other.....	1,294,988.16	49. Curr Maturit LT Debt ECON Dev.....	
Prepayments.....	297,267.49	50. Curr Maturities Capital Leases.....	
Other Current and Accrued Assets.....	756,015.20	51. Other Current and Accrued Liabilities.....	1,631,206.00
Total Current and Accrued Assets (15 thru 24).....	<b>18,948,433.08</b>	52. Total Current & Accrued Liabilities (45 thru 48).....	<b>8,532,115.35</b>
26. Regulatory Assets.....		53. Regulatory Liabilities.....	
27. Other Deferred Debits.....	544,299.14	54. Deferred Credits.....	3,083,075.64
28. Total and Other Debits (5 + 14 + 25 thru 28).....	<b>147,317,638.82</b>	55. Total Liabilities and Other Credits	
		(36 + 41 + 44 thru 51).....	<b>147,317,638.82</b>
		<b>ESTIMATED CONTRIBUTIONS IN AID OF CONSTRUCTION</b>	
		Balance Beginning of Year.....	
		Amounts Received This Year (Net).....	
		Total Contributions in Aid of Construction.....	

**PART D. NOTES TO FINANCIAL STATEMENTS**

THE SPACE BELOW IS PROVIDED FOR IMPORTANT NOTES REGARDING THE FINANCIAL STATEMENT CONTAINED IN THIS REPORT.

(IF ADDITIONAL SPACE IS NEEDED, USE SEPARATE SHEET.)

USDA-RUS

BORROWER DESIGNATION

Kentucky 54 Wayne

Exhibit Q

BORROWER NAME AND ADDRESS

South Kentucky R.E.C.C.  
925-929 North Main Street  
Somerset, Kentucky 42501

page 5 of 24

**FINANCIAL AND STATISTICAL REPORT**

INSTRUCTIONS - Submit an original and two copies to RUS. Round all amounts to nearest dollar. For detailed instructions, see Bulletin 17173-2.

PERIOD ENDED  
30-Nov-04

RUS USE ONLY

**CERTIFICATION**

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

SIGNATURE OF OFFICE MANAGER OR ACCOUNTANT

DATE

SIGNATURE OF MANAGER

DATE

**PART A. STATEMENT OF OPERATIONS**

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Operating Revenue and Patronage Capital.....	58,155,434.33	63,486,868.38	59,452,482.00	4,904,721.47
2. Power Production Expense.....				
3. Cost of Purchased Power.....	39,261,951.00	44,065,652.00	38,817,838.00	3,722,471.00
4. Transmission Expense.....				
5. Distribution Expense - Operation.....	2,374,407.54	2,705,713.73	2,910,946.47	252,024.75
6. Distribution Expense - Maintenance.....	4,182,574.50	4,149,173.23	3,997,478.81	282,417.10
7. Consumer Accounts Expense.....	2,436,654.67	2,713,082.88	2,395,242.20	248,051.84
8. Customer Service and Informational Expense.....	591,613.10	544,268.38	523,821.00	51,373.91
9. Sales Expense.....	11,554.82	14,123.83	12,506.12	1,302.98
10. Administrative and General Expense.....	2,905,029.27	2,763,616.85	3,021,907.92	222,484.01
11. Total Operation & Maintenance Expense (2 thru 10).....	51,763,784.90	56,955,630.90	51,679,740.52	4,780,125.59
12. Depreciation and Amortization Expense.....	3,268,553.16	3,504,816.12	3,503,269.00	325,833.73
13. Tax Expense - Property & Gross Receipts.....	74,280.78	72,243.13	83,500.00	
14. Tax Expense - Other.....			0.00	
15. Interest on Long - Term Debt.....	2,920,855.68	2,971,727.15	3,051,200.00	340,903.11
16. Interest Charged to Construction - Credit.....				
17. Interest Expense - Other.....	31,278.46	39,774.02	8,000.00	304.19
18. Other Deductions.....	86,701.61	63,909.43	33,000.00	4,204.08
19. Total Cost of Electric Service (11 thru 18).....	58,145,454.59	63,608,100.75	58,358,709.52	5,451,370.70
20. Patronage Capital & Operating Margins (1 minus 19).....	9,979.74	(121,232.37)	1,093,772.48	(546,649.23)
21. Non-Operating Margins - Interest.....	333,073.34	220,489.47	210,826.00	23,956.76
22. Allowance for Funds Used During Construction.....				
23. Income (Loss) from Equity Investments.....	(64,627.69)			
24. Non Operating Margins - Other.....	(74,269.84)	36,447.94	(6,567.00)	5,813.28
25. Generation and Transmission Capital Credits.....				
26. Other Capital Credits and Patronage Dividends.....	98,370.80	98,391.41		
27. Extraordinary Items.....				
28. Patronage Capital or Margins (20 thru 27).....	302,526.35	234,096.45	1,298,031.48	(516,879.19)

**PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT**

ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	2,108	2,177	5. Miles Transmission		
2. Services Retired	918	999	6. Miles Distribution - Overhead	6,059.05	6,110.38
3. Total Services in Place	68,947	70,229	7. Miles Distribution - Undreground	256.52	288.76
4. Idle Services (Exclude Seasonal)	9,531	9,878	8. Total Miles Energd. (5 + 6 + 7)	6,315.57	6,399.14

**FINANCIAL AND STATISTICAL REPORT**

Kentucky 54 Wayne **Exhibit Q**

PERIOD ENDED

page 6 of 24 RUS USE ONLY

INSTRUCTIONS - See RUS Bulletin 1717B-2

30-Nov-04

**PART C. BALANCE SHEET**

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service.....	135,292,186.61	29. Memberships.....	1,147,020.00
2. Construction Work in Progress.....	952,347.35	30. Patronage Capital.....	47,893,378.39
3. Total Utility Plant (1 + 2).....	<b>136,244,533.96</b>	31. Operating Margins - Prior Years.....	
4. Accum. Provision for Depreciation and Amort.....	29,519,378.40	32. Operating Margins - Current Year.....	(22,840.96)
5. Net Utility Plant (3 - 4).....	<b>106,725,155.56</b>	33. Non Operating Margins.....	256,937.41
6. Nonutility Property - Net.....	218,418.18	34. Other Margins and Equities.....	441,143.02
7. Investments in Subsidiary Companies.....	276,276.60	35. Total Margins & Equities (30 thru 35).....	<b>49,715,637.86</b>
8. Invest. In Assoc. Org. - Patronage Capital.....	19,236,349.14	36. Long - Term Debt - REA (Net).....	69,118,768.11
9. Invest. In Assoc. Org. - Other - General Funds.....	1,747,247.06	(Payments - Unapplied \$.....)	
10. Invest. In Assoc. Org. - Other - Nongeneral Funds.....		37. Long - Term - Other - Econ. Devel. (Net).....	
11. Investments in Economic Development Projects.....		38. Long - Term Debt - FFB - REA Guaranteed.....	
12. Other Investments.....		39. Long - Term Debt - Other - REA Guaranteed.....	
13. Special Funds.....		40. Long - Term Debt - Other (Net).....	12,305,645.62
14. Total Other Property and Investments (6 thru 13).....	<b>21,478,790.98</b>	41. Total Long - Term Debt (36 thru 40).....	<b>81,424,413.73</b>
15. Cash - General Funds.....	1,764,631.05	42. Obligations Under Capital Leases.....	
16. Cash - Construction Funds - Trustee.....		43. Accumulated Operating Provisions.....	3,663,621.22
17. Special Deposits.....		44. Total Other Noncurrent Liabilities (42 + 43).....	<b>3,663,621.22</b>
18. Temporary Investments.....	9,918,457.38	45. Notes Payable.....	
19. Notes Receivable - (Net).....	(19,682.85)	46. Accounts Payable.....	4,756,687.06
20. Accounts Receivable - Sales of Energy.....	2,550,960.93	47. Consumers Deposits.....	575,269.67
21. Accounts Receivable - Other (Net).....	686,623.38	48. Curr Maturities Long-Term Debt.....	2,028,432.27
22. Materials and Supplies - Electric and Other.....	1,266,156.15	49. Curr Maturit LT Debt ECON Dev.....	
repayments.....	573,210.36	50. Curr Maturities Capital Leases.....	
Other Current and Accrued Assets.....	836,836.36	51. Other Current and Accrued Liabilities.....	935,042.29
23. Total Current and Accrued Assets (15 thru 24).....	<b>17,577,192.76</b>	52. Total Current & Accrued Liabilities (45 thru 48).....	<b>8,295,431.29</b>
25. Regulatory Assets.....		53. Regulatory Liabilities.....	
27. Other Deferred Debits.....	533,012.74	54. Deferred Credits.....	3,215,047.94
28. Total and Other Debits (5 + 14 + 25 thru 28).....	<b>146,314,152.04</b>	55. Total Liabilities and Other Credits.....	
		(36 + 41 + 44 thru 51).....	<b>146,314,152.04</b>
		<b>ESTIMATED CONTRIBUTIONS IN AID OF CONSTRUCTION</b>	
		Balance Beginning of Year.....	
		Amounts Received This Year (Net).....	
		Total Contributions in Aid of Construction.....	

**PART D. NOTES TO FINANCIAL STATEMENTS**

THE SPACE BELOW IS PROVIDED FOR IMPORTANT NOTES REGARDING THE FINANCIAL STATEMENT CONTAINED IN THIS REPORT.

(IF ADDITIONAL SPACE IS NEEDED, USE SEPARATE SHEET)

<b>USDA-RUS</b>  <b>FINANCIAL AND STATISTICAL REPORT</b>	BORROWER DESIGNATION <b>Kentucky 54 Wayne</b>  BORROWER NAME AND ADDRESS <b>South Kentucky R.E.C.C.                  925-929 North Main Street                  Somerset, Kentucky 42501</b>
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**Exhibit Q**  
**page 7 of 24**

INSTRUCTIONS - Submit an original and two copies to RUS. Round all amounts to nearest dollar. For detailed instructions, see Bulletin 1717B-2.	PERIOD ENDED 31-Dec-04	RUS USE ONLY
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**CERTIFICATION**

*We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.*

**ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.**

SIGNATURE OF OFFICE MANAGER OR ACCOUNTANT	DATE
SIGNATURE OF MANAGER	DATE

**PART A. STATEMENT OF OPERATIONS**

ITEM	YEAR-TO-DATE			THIS MONTH
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	(d)
1. Operating Revenue and Patronage Capital.....	64,030,568.63	71,916,684.37	65,228,600.00	8,429,815.99
2. Power Production Expense.....				
3. Cost of Purchased Power.....	44,151,255.00	49,942,624.00	43,608,924.00	5,876,972.00
4. Transmission Expense.....				
5. Distribution Expense - Operation.....	2,665,638.61	3,011,165.27	3,172,828.34	305,451.54
6. Distribution Expense - Maintenance.....	5,067,380.64	4,449,750.51	4,326,489.55	300,577.28
7. Consumer Accounts Expense.....	2,726,329.83	3,009,921.86	2,614,003.24	296,838.98
8. Customer Service and Informational Expense.....	651,627.53	426,886.18	567,659.79	(117,382.20)
9. Repairs Expense.....	14,104.98	15,783.88	13,619.78	1,660.05
10. Administrative and General Expense.....	3,180,628.95	2,992,328.45	3,298,924.26	228,711.60
11. Total Operation & Maintenance Expense (2 thru 10).....	58,456,965.54	63,848,460.15	57,602,448.96	6,892,829.25
12. Depreciation and Amortization Expense.....	3,576,180.97	3,831,582.28	3,824,748.00	326,766.16
13. Tax Expense - Property & Gross Receipts.....	74,280.78	72,243.13	83,500.00	
14. Tax Expense - Other.....			0.00	
15. Interest on Long - Term Debt.....	3,196,555.79	3,296,677.70	3,337,659.00	324,950.55
16. Interest Charged to Construction - Credit.....				
17. Interest Expense - Other.....	31,543.34	40,130.63	8,500.00	356.61
18. Other Deductions.....	90,423.78	61,225.01	36,000.00	(2,684.42)
19. Total Cost of Electric Service (11 thru 18).....	65,425,950.20	71,150,318.90	64,892,855.96	7,542,218.15
20. Patronage Capital & Operating Margins (1 minus 19).....	(1,395,381.57)	766,365.47	335,744.04	887,597.84
21. Non-Operating Margins - Interest.....	358,091.39	243,276.61	230,000.00	22,787.14
22. Allowance for Funds Used During Construction.....				
23. Income (Loss) from Equity Investments.....	62,825.71	(95,137.60)		(95,137.60)
24. Non Operating Margins - Other.....	(77,877.01)	107,610.28	(7,689.00)	71,162.34
25. Generation and Transmission Capital Credits.....	3,223,667.94			
26. Other Capital Credits and Patronage Dividends.....	98,370.80	98,391.41		
27. Extraordinary Items.....				
28. Patronage Capital or Margins (20 thru 27).....	2,269,697.26	1,120,506.17	558,055.04	886,409.72

**PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT**

ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	2,297	2,361	5. Miles Transmission		
2. Services Retired	1,003	1,069	6. Miles Distribution - Overhead	6,062.36	6,115.61
3. Services in Place	69,051	70,343	7. Miles Distribution - Undreground	258.56	292.12
4. Services (Exclude Seasonal)	9,639	9,828	8. Total Miles Energd. (5 + 6 + 7)	6,320.92	6,407.73

PART C. BALANCE SHEET

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service.....	135,527,669.70	29. Memberships.....	1,149,330.00
2. Construction Work in Progress.....	1,958,629.82	30. Patronage Capital.....	47,876,798.99
3. Total Utility Plant (1 + 2).....	<b>137,486,299.52</b>	31. Operating Margins - Prior Years.....	
4. Accum. Provision for Depreciation and Amort.....	29,739,486.33	32. Operating Margins - Current Year.....	864,756.88
5. Net Utility Plant (3 - 4).....	<b>107,746,813.19</b>	33. Non Operating Margins.....	255,749.29
6. Nonutility Property - Net.....	215,811.30	34. Other Margins and Equities.....	449,871.82
7. Investments in Subsidiary Companies.....	181,139.00	35. Total Margins & Equities (30 thru 35).....	<b>50,596,506.98</b>
8. Invest. In Assoc. Org. - Patronage Capital.....	19,236,849.14	36. Long - Term Debt - REA (Net).....	68,466,588.49
9. Invest. In Assoc. Org. - Other - General Funds.....	1,747,247.06	(Payments - Unapplied \$ )	
10. Invest. In Assoc. Org. - Other - Nongeneral Funds....		37. Long - Term - Other - Econ. Devel. (Net).....	
11. Investments in Economic Development Projects.....		38. Long - Term Debt - FFB - REA Guaranteed.....	
12. Other Investments.....		39. Long - Term Debt - Other - REA Guaranteed.....	
13. Special Funds.....		40. Long - Term Debt - Other (Net).....	12,321,388.42
14. Total Other Property and Investments (6 thru 13).....	<b>21,381,046.50</b>	41. Total Long - Term Debt (36 thru 40).....	<b>80,787,976.91</b>
15. Cash - General Funds.....	540,448.60	42. Obligations Under Capital Leases.....	
16. Cash - Construction Funds - Trustee.....		43. Accumulated Operating Provisions.....	3,674,595.40
17. Special Deposits.....		44. Total Other Noncurrent Liabilities (42 + 43).....	<b>3,674,595.40</b>
18. Temporary Investments.....	10,070,369.56	45. Notes Payable.....	
19. Notes Receivable - (Net).....	57,199.44	46. Accounts Payable.....	6,637,664.18
20. Accounts Receivable - Sales of Energy.....	5,848,112.38	47. Consumers Deposits.....	580,679.67
21. Accounts Receivable - Other (Net).....	1,555,864.82	48. Curr Maturities Long-Term Debt.....	2,564,923.77
22. Materials and Supplies - Electric and Other.....	1,234,059.54	49. Curr Maturit LT Debt ECON Dev.....	
23. Prepayments.....	478,820.96	50. Curr Maturities Capital Leases.....	
Other Current and Accrued Assets.....	17,851.56	51. Other Current and Accrued Liabilities.....	943,516.45
Total Current and Accrued Assets (15 thru 24).....	<b>19,802,726.86</b>	52. Total Current & Accrued Liabilities (45 thru 48).....	<b>10,726,784.07</b>
Regulatory Assets.....		53. Regulatory Liabilities.....	
27. Other Deferred Debits.....	64,486.21	54. Deferred Credits.....	3,209,209.40
28. Total and Other Debits (5 + 14 + 25 thru 28).....	<b>148,995,072.76</b>	55. Total Liabilities and Other Credits (36 + 41 + 44 thru 51).....	<b>148,995,072.76</b>
		<b>ESTIMATED CONTRIBUTIONS IN AID OF CONSTRUCTION</b>	
		Balance Beginning of Year.....	
		Amounts Received This Year (Net).....	
		Total Contributions in Aid of Construction.....	

PART D. NOTES TO FINANCIAL STATEMENTS

THE SPACE BELOW IS PROVIDED FOR IMPORTANT NOTES REGARDING THE FINANCIAL STATEMENT CONTAINED IN THIS REPORT.

(IF ADDITIONAL SPACE IS NEEDED, USE SEPARATE SHEET)

USDA-RUS

BORROWER DESIGNATION  
**Kentucky 54 Wayne**  
 BORROWER NAME AND ADDRESS  
**South Kentucky R.E.C.C.**  
**925-929 North Main Street**  
**Somerset, Kentucky 42501**

**Exhibit Q**  
**page 9 of 24**

**FINANCIAL AND STATISTICAL REPORT**

INSTRUCTIONS - Submit an original and two copies to RUS. Round all amounts to nearest dollar. For detailed instructions, see Bulletin 1717B-2.

PERIOD ENDED  
**31-Jan-05**

RUS USE ONLY

**CERTIFICATION**

*We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.*

ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

*Jeffrey L. Steen*  
 SIGNATURE OF OFFICE MANAGER OR ACCOUNTANT  
*Allen Anderson*  
 SIGNATURE OF MANAGER

**3-7-05**  
 DATE

**3-4-05**  
 DATE

**PART A. STATEMENT OF OPERATIONS**

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Operating Revenue and Patronage Capital	6,972,503.73	6,876,709.45	8,069,254.00	6,876,709.45
2. Power Production Expense				
3. Cost of Purchased Power	5,532,646.00	6,312,020.00	6,023,162.00	6,312,020.00
4. Transmission Expense				
5. Distribution Expense - Operation	256,997.97	232,200.27	277,787.93	232,200.27
6. Distribution Expense - Maintenance	341,952.51	385,821.61	390,555.01	385,821.61
7. Consumer Accounts Expense	253,560.93	259,707.29	259,505.43	259,707.29
8. Customer Service and Informational Expense	70,782.68	61,371.72	62,453.99	61,371.72
9. Sales Expense	1,483.66	1,248.13	1,278.90	1,248.13
10. Administrative and General Expense	277,071.06	265,698.80	271,784.94	265,698.80
1. Total Operation & Maintenance Expense (2 thru 10)	6,734,494.81	7,518,067.82	7,286,528.20	7,518,067.82
2. Depreciation and Amortization Expense	311,612.41	328,304.47	346,848.00	328,304.47
3. Tax Expense - Property & Gross Receipts			0.00	
4. Tax Expense - Other			0.00	
5. Interest on Long-Term Debt	275,538.17	324,778.93	329,027.00	324,778.93
6. Interest Charged to Construction - Credit				
7. Interest Expense - Other	2,824.14	464.01	3,333.33	464.01
8. Other Deductions	(1,252.99)	4,696.13	5,442.32	4,696.13
9. Total Cost of Electric Service (11 thru 18)	7,323,216.54	8,176,311.36	7,971,178.85	8,176,311.36
10. Patronage Capital & Operating Margins (1 minus 19)	(350,712.81)	(1,299,601.91)	98,075.15	(1,299,601.91)
1. Non-Operating Margins - Interest	20,380.83	23,383.86	14,583.00	23,383.86
2. Allowance for Funds Used During Construction				
3. Income (Loss) from Equity Investments				
4. Non-Operating Margins - Other	(8,550.21)	(3,000.00)	(4,680.00)	(3,000.00)
5. Generation and Transmission Capital Credits				
6. Other Capital Credits and Patronage Dividends				
7. Extraordinary Items				
8. Patronage Capital or Margins (20 thru 27)	(338,882.19)	(1,279,218.05)	107,978.15	(1,279,218.05)

**PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT**

ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	165	177	5. Miles Transmission		
2. Services Retired	69	78	6. Miles Distribution - Overhead	6,070.40	6,118.74
3. Total Services in Place	69,147	70,442	7. Miles Distribution - Underground	264.55	295.29
4. Idle Services (Exclude Seasonal)	9,385	10,042	8. Total Miles Energy (5 - 6 + 7)	6,334.95	6,414.03

FINANCIAL AND STATISTICAL REPORT

Kentucky 54 Wayne **Exhibit Q**

PERIOD ENDED

RUS USE ONLY  
page 10 of 24

INSTRUCTIONS - See RUS Bulletin 1717B-2

31-Jan-05

PART C. BALANCE SHEET

ASSETS AND OTHER DEBITS

LIABILITIES AND OTHER CREDITS

1 Total Utility Plant in Service.....	136,174,183.39	29. Memberships.....	1,151,190.00
2 Construction Work in Progress.....	1,951,145.32	30. Patronage Capital.....	47,369,032.72
3 Total Utility Plant (1 + 2).....	<b>138,125,328.71</b>	31. Operating Margins - Prior Years.....	864,756.88
4 Accum. Provision for Depreciation and Amort.....	29,933,604.31	32. Operating Margins - Current Year.....	(1,299,601.91)
5 Net Utility Plant (3 - 4).....	<b>108,191,723.90</b>	33. Non Operating Margins.....	276,133.15
6 Nonutility Property - Net.....	214,198.69	34. Other Margins and Equities.....	453,716.87
7 Investments in Subsidiary Companies.....	181,139.00	35. Total Margins & Equities (30 thru 35).....	<b>49,315,227.71</b>
8 Invest. In Assoc. Org. - Patronage Capital.....	19,236,849.14	36 Long - Term Debt - REA (Net).....	68,366,976.72
9 Invest. In Assoc. Org. - Other - General Funds.....	1,747,247.06	(Payments - Unapplied \$.....)	
10 Invest. In Assoc. Org. - Other - Nongeneral Funds.....		37 Long - Term - Other - Econ. Devel. (Net).....	
11. Investments in Economic Development Projects.....		38. Long - Term Debt - FFB - REA Guaranteed.....	
12. Other Investments.....		39 Long - Term Debt - Other - REA Guaranteed.....	
13. Special Funds.....		40. Long - Term Debt - Other (Net).....	12,321,388.42
14. Total Other Property and Investments (6 thru 13).....	<b>21,379,433.89</b>	41. Total Long - Term Debt (36 thru 40).....	<b>80,688,365.14</b>
15 Cash - General Funds.....	1,772,976.74	42. Obligations Under Capital Leases.....	
16. Cash - Construction Funds - Trustee.....		43. Accumulated Operating Provisions.....	3,695,536.21
17. Special Deposits.....		44. Total Other Noncurrent Liabilities (42 + 43).....	<b>3,695,536.21</b>
18. Temporary Investments.....	7,993,181.75	45. Notes Payable.....	
19. Notes Receivable - (Net).....	53,341.91	46. Accounts Payable.....	7,375,275.18
20. Accounts Receivable - Sales of Energy.....	5,701,252.12	47. Consumers Deposits.....	585,764.67
21. Accounts Receivable - Other (Net).....	1,506,646.54	48. Curr Maturities Long-Term Debt.....	2,564,923.77
22. Materials and Supplies - Electric and Other.....	1,301,423.27	49. Curr Maturit LT Debt ECON Dev.....	
Prepayments.....	466,750.64	50. Curr Maturities Capital Leases.....	
Other Current and Accrued Assets.....	102,866.76	51. Other Current and Accrued Liabilities.....	1,103,319.76
23. Total Current and Accrued Assets (15 thru 24).....	<b>18,898,439.73</b>	52. Total Current & Accrued Liabilities (45 thru 48).....	<b>11,629,283.38</b>
25. Regulatory Assets.....		53. Regulatory Liabilities.....	
27. Other Deferred Debits.....	63,897.07	54. Deferred Credits.....	3,205,082.15
28. Total and Other Debits (5 + 14 + 25 thru 28).....	<b>148,533,494.59</b>	55. Total Liabilities and Other Credits.....	<b>148,533,494.59</b>
		(36 + 41 + 44 thru 51).....	

ESTIMATED CONTRIBUTIONS IN AID OF CONSTRUCTION

Balance Beginning of Year.....	
Amounts Received This Year (Net).....	
Total Contributions in Aid of Construction.....	

PART D. NOTES TO FINANCIAL STATEMENTS

THE SPACE BELOW IS PROVIDED FOR IMPORTANT NOTES REGARDING THE FINANCIAL STATEMENT CONTAINED IN THIS REPORT.

(IF ADDITIONAL SPACE IS NEEDED, USE SEPARATE SHEET)

USDA-RUS

BORROWER DESIGNATION  
Kentucky 54 Wayne

Exhibit Q

FINANCIAL AND STATISTICAL REPORT

BORROWER NAME AND ADDRESS  
South Kentucky R.E.C.C.  
925-929 North Main Street  
Somerset, Kentucky 42501

page 11 of 24

INSTRUCTIONS - Submit an original and two copies to RUS. Round all amounts to nearest dollar. For detailed instructions, see Bulletin 1717B-2.

PERIOD ENDED  
28-Feb-05

RUS USE ONLY

CERTIFICATION

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

SIGNATURE OF OFFICE MANAGER OR ACCOUNTANT

DATE

3-30-05

SIGNATURE OF MANAGER

DATE

3-30-05

PART A. STATEMENT OF OPERATIONS

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Operating Revenue and Patronage Capital.....	14,600,821.02	15,427,896.61	15,598,450.00	8,551,187.16
2. Power Production Expense.....				
3. Cost of Purchased Power.....	10,586,111.00	11,587,454.00	11,216,929.00	5,275,434.00
4. Transmission Expense.....				
5. Distribution Expense - Operation.....	504,633.81	472,801.63	528,770.16	240,601.36
6. Distribution Expense - Maintenance.....	611,303.50	650,726.60	755,530.79	264,904.99
7. Consumer Accounts Expense.....	484,880.68	479,165.69	519,391.13	219,458.40
8. Customer Service and Informational Expense.....	123,660.65	117,518.04	108,109.44	56,146.32
9. Sales Expense.....	2,574.01	2,414.91	2,557.80	1,166.78
10. Administrative and General Expense.....	492,458.32	501,238.23	520,444.83	235,539.43
11. Total Operation & Maintenance Expense (2 thru 10).....	12,805,621.97	13,811,319.10	13,651,733.15	6,293,251.28
12. Depreciation and Amortization Expense.....	626,311.72	657,918.20	694,196.00	329,613.73
13. Tax Expense - Property & Gross Receipts.....			0.00	
14. Tax Expense - Other.....			0.00	
15. Interest on Long - Term Debt.....	491,465.39	620,473.21	626,212.00	295,694.28
16. Interest Charged to Construction - Credit.....				
17. Interest Expense - Other.....	4,071.79	1,012.53	6,666.66	548.52
18. Other Deductions.....	1,977.31	11,578.82	10,884.64	6,882.69
19. Total Cost of Electric Service (11 thru 18).....	13,929,448.18	15,102,301.86	14,989,692.45	6,925,990.50
20. Patronage Capital & Operating Margins (1 minus 19).....	671,372.84	325,594.75	608,757.55	1,625,196.66
21. Non-Operating Margins - Interest.....	41,385.22	44,634.68	29,166.00	21,250.82
22. Allowance for Funds Used During Construction.....				
23. Income (Loss) from Equity Investments.....				
24. Non Operating Margins - Other.....	(7,280.32)	(3,157.96)	(4,892.00)	(157.96)
25. Generation and Transmission Capital Credits.....				
26. Other Capital Credits and Patronage Dividends.....		5,802.00		5,802.00
27. Extraordinary Items.....				
28. Patronage Capital or Margins (20 thru 27).....	705,477.74	372,873.47	633,031.55	1,652,091.52

PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT

ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	305	281	5. Miles Transmission		
2. Retired	135	138	6. Miles Distribution - Overhead	6,073.06	6,119.23
3. Total Services in Place	69,221	70,486	7. Miles Distribution - Underground	266.96	297.32
4. Idle Services (Exclude Seasonal)	9,516	9,969	8. Total Miles Energd (5 + 6 + 7)	6,340.02	6,416.55

**FINANCIAL AND STATISTICAL REPORT**

Kentucky 54 Wayne **Exhibit Q**  
 page 12 of 24 RUS USE ONLY

PERIOD ENDED

28-Feb-05

REDUCTIONS - See RUS Bulletin 1717B-2

**PART C. BALANCE SHEET**

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service.....	136,733,137.93	29. Memberships.....	1,155,704.50
2. Construction Work in Progress.....	2,049,922.10	30. Patronage Capital.....	47,860,883.93
3. Total Utility Plant (1 + 2).....	<b>138,783,060.03</b>	31. Operating Margins - Prior Years.....	864,756.88
4. Accum. Provision for Depreciation and Amort.....	30,111,370.32	32. Operating Margins - Current Year.....	331,396.75
5. Net Utility Plant (3 - 4).....	<b>108,671,689.71</b>	33. Non Operating Margins.....	297,226.01
6. Nonutility Property - Net.....	212,560.75	34. Other Margins and Equities.....	458,075.74
7. Investments in Subsidiary Companies.....	181,139.00	35. Total Margins & Equities (30 thru 35).....	<b>50,968,043.81</b>
8. Invest. In Assoc. Org. - Patronage Capital.....	19,239,775.24	36. Long - Term Debt - REA (Net).....	68,106,086.53
9. Invest. In Assoc. Org. - Other - General Funds.....	1,747,247.06	(Payments - Unapplied S -309,234.77 )	
10. Invest. In Assoc. Org. - Other - Nongeneral Funds.....		37. Long - Term - Other - Econ. Devel. (Net).....	
11. Investments in Economic Development Projects.....		38. Long - Term Debt - FFB - REA Guaranteed.....	
12. Other Investments.....		39. Long - Term Debt - Other - REA Guaranteed.....	
13. Special Funds.....		40. Long - Term Debt - Other (Net).....	12,174,765.52
14. Total Other Property and Investments (6 thru 13).....	<b>21,380,722.05</b>	41. Total Long - Term Debt (36 thru 40).....	<b>80,280,852.05</b>
15. Cash - General Funds.....	1,026,791.61	42. Obligations Under Capital Leases.....	
16. Cash - Construction Funds - Trustee.....		43. Accumulated Operating Provisions.....	3,704,444.65
17. Special Deposits.....		44. Total Other Noncurrent Liabilities (42 + 43).....	<b>3,704,444.65</b>
18. Temporary Investments.....	6,814,247.61	45. Notes Payable.....	
19. Notes Receivable - (Net).....	48,056.84	46. Accounts Payable.....	6,051,257.75
20. Accounts Receivable - Sales of Energy.....	7,227,183.69	47. Consumers Deposits.....	602,565.17
21. Accounts Receivable - Other (Net).....	1,312,322.32	48. Curr Maturities Long-Term Debt.....	2,564,923.77
22. Materials and Supplies - Electric and Other.....	1,326,212.42	49. Curr Maturit LT Debt ECON Dev.....	
Prepayments.....	393,769.81	50. Curr Maturities Capital Leases.....	
Other Current and Accrued Assets.....	187,299.84	51. Other Current and Accrued Liabilities.....	1,067,008.54
24. Total Current and Accrued Assets (15 thru 24).....	<b>18,335,884.14</b>	52. Total Current & Accrued Liabilities (45 thru 48).....	<b>10,285,755.23</b>
25. Regulatory Assets.....		53. Regulatory Liabilities.....	
27. Other Deferred Debits.....	55,714.14	54. Deferred Credits.....	3,204,914.30
28. Total and Other Debits (5 + 14 + 25 thru 28).....	<b>148,444,010.04</b>	55. Total Liabilities and Other Credits	
		(36 + 41 + 44 thru 51).....	<b>148,444,010.04</b>
		<b>ESTIMATED CONTRIBUTIONS IN AID OF CONSTRUCTION</b>	
		Balance Beginning of Year.....	
		Amounts Received This Year (Net).....	
		Total Contributions in Aid of Construction.....	

**PART D. NOTES TO FINANCIAL STATEMENTS**

THE SPACE BELOW IS PROVIDED FOR IMPORTANT NOTES REGARDING THE FINANCIAL STATEMENT CONTAINED IN THIS REPORT.

(IF ADDITIONAL SPACE IS NEEDED, USE SEPARATE SHEET)

USDA-RUS

**FINANCIAL AND STATISTICAL REPORT**

BORROWER DESIGNATION

Kentucky 54 Wayne

Exhibit Q

BORROWER NAME AND ADDRESS

South Kentucky R.E.C.C.  
 925-929 North Main Street  
 Somerset, Kentucky 42501

page 13 of 24

INSTRUCTIONS - Submit an original and two copies to RUS. Round all amounts to nearest dollar. For detailed instructions, see Bulletin 17173-2.

PERIOD ENDED  
 31-Mar-05

RUS USE ONLY

**CERTIFICATION**

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

SIGNATURE OF OFFICE MANAGER OR ACCOUNTANT

DATE

5-10-05

SIGNATURE OF MANAGER

DATE

**PART A. STATEMENT OF OPERATIONS**

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Operating Revenue and Patronage Capital.....	20,847,140.07	22,096,435.83	22,517,095.00	6,668,539.22
2. Power Production Expense.....				
3. Cost of Purchased Power.....	14,575,733.00	16,629,626.00	15,727,809.00	5,042,172.00
4. Transmission Expense.....				
5. Distribution Expense - Operation.....	778,591.79	741,599.77	776,219.38	268,798.14
6. Distribution Expense - Maintenance.....	995,851.36	1,051,668.45	1,177,316.03	400,941.85
7. Consumer Accounts Expense.....	734,877.21	762,984.46	782,920.04	283,818.77
8. Customer Service and Informational Expense.....	182,736.71	124,481.16	153,151.25	6,963.12
9. Sales Expense.....	3,924.27	3,670.37	3,836.70	1,255.46
10. Administrative and General Expense.....	725,276.36	748,315.64	770,236.30	247,077.41
1. Total Operation & Maintenance Expense (2 thru 10).....	17,996,990.70	20,062,345.85	19,391,488.70	6,251,026.75
2. Depreciation and Amortization Expense.....	942,137.24	988,807.03	1,042,044.00	330,888.83
3. Tax Expense - Property & Gross Receipts.....			0.00	
4. Tax Expense - Other.....			0.00	
5. Interest on Long - Term Debt.....	751,259.35	960,300.78	952,654.00	339,827.57
6. Interest Charged to Construction - Credit.....				
7. Interest Expense - Other.....	5,865.81	2,108.42	9,999.99	1,095.89
8. Other Deductions.....	15,352.46	13,737.81	16,326.96	2,158.99
9. Total Cost of Electric Service (11 thru 18).....	19,711,605.56	22,027,299.89	21,412,513.65	6,924,998.03
10. Patronage Capital & Operating Margins (1 minus 19).....	1,135,534.51	69,135.94	1,104,581.35	(256,458.81)
1. Non-Operating Margins - Interest.....	64,355.61	63,904.83	43,749.00	19,270.15
2. Allowance for Funds Used During Construction.....				
3. Income (Loss) from Equity Investments.....				
4. Non Operating Margins - Other.....	(13,295.69)	(12,119.76)	(8,695.00)	(8,961.80)
5. Generation and Transmission Capital Credits.....				
6. Other Capital Credits and Patronage Dividends.....		5,802.00		
7. Extraordinary Items.....				
8. Patronage Capital or Margins (20 thru 27).....	1,186,594.43	126,723.01	1,139,635.35	(246,150.46)

**PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT**

ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	512	422	5. Miles Transmission		
2. Services Retired	257	246	6. Miles Distribution - Overhead	6,076.90	6,120.43
3. Total Services in Place	69,306	70,519	7. Miles Distribution - Undreground	268.46	299.45
4. Idle Services (Exclude Seasonal)	9,465	9,803	8. Total Miles Energd (5 + 6 + 7)	6,345.36	6,419.88

**FINANCIAL AND STATISTICAL REPORT**

Kentucky 54 Wayne Exhibit Q

PERIOD ENDED

page 14 of 24 STATISTICS ONLY

INSTRUCTIONS - See RUS Bulletin 1717B-2

31-Mar-05

**PART C. BALANCE SHEET**

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service.....	137,317,410.93	29. Memberships.....	1,154,134.50
2. Construction Work in Progress.....	2,197,521.03	30. Patronage Capital.....	47,841,053.76
3. Total Utility Plant (1 + 2).....	<b>139,514,931.96</b>	31. Operating Margins - Prior Years.....	864,756.88
4. Accum. Provision for Depreciation and Amort.....	30,275,314.89	32. Operating Margins - Current Year.....	74,937.94
5. Net Utility Plant (3 - 4).....	<b>109,239,617.07</b>	33. Non Operating Margins.....	307,534.36
6. Nonutility Property - Net.....	212,183.30	34. Other Margins and Equities.....	468,610.65
7. Investments in Subsidiary Companies.....	181,139.00	35. Total Margins & Equities (30 thru 35).....	<b>50,711,028.09</b>
8. Invest. In Assoc. Org. - Patronage Capital.....	19,239,775.24	36. Long - Term Debt - REA (Net).....	68,005,673.67
9. Invest. In Assoc. Org. - Other - General Funds.....	1,741,128.72	(Payments - Unapplied S.....	-310,547.96)
10. Invest. In Assoc. Org. - Other - Nongeneral Funds.....		37. Long - Term - Other - Econ. Devel. (Net).....	
11. Investments in Economic Development Projects.....		38. Long - Term Debt - FFB - REA Guaranteed.....	
12. Other Investments.....		39. Long - Term Debt - Other - REA Guaranteed.....	
13. Special Funds.....		40. Long - Term Debt - Other (Net).....	12,174,765.52
14. Total Other Property and Investments (6 thru 13).....	<b>21,374,226.26</b>	41. Total Long - Term Debt (36 thru 40).....	<b>80,180,439.19</b>
15. Cash - General Funds.....	562,017.62	42. Obligations Under Capital Leases.....	
16. Cash - Construction Funds - Trustee.....		43. Accumulated Operating Provisions.....	3,712,345.20
17. Special Deposits.....		44. Total Other Noncurrent Liabilities (42 + 43).....	<b>3,712,345.20</b>
18. Temporary Investments.....	8,110,099.33	45. Notes Payable.....	
19. Notes Receivable - (Net).....	43,047.26	46. Accounts Payable.....	5,793,754.99
20. Accounts Receivable - Sales of Energy.....	6,087,623.06	47. Consumers Deposits.....	589,845.17
21. Accounts Receivable - Other (Net).....	626,969.14	48. Curr Maturities Long-Term Debt.....	2,564,923.77
22. Materials and Supplies - Electric and Other.....	1,351,342.32	49. Curr Maturit LT Debt ECON Dev.....	
23. Prepayments.....	320,994.65	50. Curr Maturities Capital Leases.....	
24. Other Current and Accrued Assets.....	272,266.32	51. Other Current and Accrued Liabilities.....	1,285,570.55
25. Total Current and Accrued Assets (15 thru 24).....	<b>17,374,359.70</b>	52. Total Current & Accrued Liabilities (45 thru 48).....	<b>10,234,094.48</b>
26. Regulatory Assets.....		53. Regulatory Liabilities.....	
27. Other Deferred Debits.....	59,296.03	54. Deferred Credits.....	3,209,592.10
28. Total and Other Debits (5 + 14 + 25 thru 28).....	<b>148,047,499.06</b>	55. Total Liabilities and Other Credits (36 + 41 + 44 thru 51).....	<b>148,047,499.06</b>
		<b>ESTIMATED CONTRIBUTIONS IN AID OF CONSTRUCTION</b>	
		Balance Beginning of Year.....	
		Amounts Received This Year (Net).....	
		Total Contributions in Aid of Construction.....	

**PART D. NOTES TO FINANCIAL STATEMENTS**

THE SPACE BELOW IS PROVIDED FOR IMPORTANT NOTES REGARDING THE FINANCIAL STATEMENT CONTAINED IN THIS REPORT.

(IF ADDITIONAL SPACE IS NEEDED, USE SEPARATE SHEET)

USDA-RUS

**FINANCIAL AND STATISTICAL REPORT**

BORROWER DESIGNATION

**Kentucky 54 Wayne**

**Exhibit Q**

BORROWER NAME AND ADDRESS

**page 15 of 24**

**South Kentucky R.E.C.C.  
 925-929 North Main Street  
 Somerset, Kentucky 42501**

INSTRUCTIONS - Submit an original and two copies to RUS. Round all amounts to nearest dollar. For detailed instructions, see Bulletin 17178-2.

PERIOD ENDED  
 30-Apr-05

RUS USE ONLY

**CERTIFICATION**

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

*Jeffrey C. Dean*  
 SIGNATURE OF OFFICE MANAGER OR ACCOUNTANT

*Allen Anderson*  
 SIGNATURE OF MANAGER

*5-15-05*  
 DATE

*5-25-05*  
 DATE

**PART A. STATEMENT OF OPERATIONS**

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Operating Revenue and Patronage Capital.....	26,691,056.26	28,563,348.57	28,398,483.00	6,466,912.74
2. Power Production Expense.....				
3. Cost of Purchased Power.....	18,040,831.00	20,262,839.00	19,478,984.00	3,633,213.00
4. Transmission Expense.....				
5. Distribution Expense - Operation.....	1,027,664.41	1,020,440.93	1,019,680.96	278,841.16
6. Distribution Expense - Maintenance.....	1,429,809.51	1,417,450.20	1,546,786.27	365,781.75
7. Consumer Accounts Expense.....	993,600.30	1,059,554.79	1,036,643.00	296,570.33
8. Customer Service and Informational Expense.....	242,330.47	192,658.60	198,626.51	68,177.44
9. Salary Expense.....	5,142.13	4,749.37	5,115.60	1,079.00
10. Administrative and General Expense.....	980,816.85	979,384.79	1,009,724.57	231,069.15
11. Total Operation & Maintenance Expense (2 thru 10).....	22,720,194.67	24,937,077.68	24,295,560.91	4,874,731.83
12. Depreciation and Amortization Expense.....	1,259,582.88	1,322,941.26	1,390,392.00	334,134.23
13. Tax Expense - Property & Gross Receipts.....			0.00	
14. Tax Expense - Other.....			0.00	
15. Interest on Long - Term Debt.....	1,002,514.26	1,288,997.97	1,268,565.00	328,697.19
16. Interest Charged to Construction - Credit.....				
17. Interest Expense - Other.....	7,705.45	3,207.68	13,333.32	1,099.26
18. Other Deductions.....	21,391.72	20,322.36	21,769.28	6,584.55
19. Total Cost of Electric Service (11 thru 18).....	25,011,388.98	27,572,546.95	26,989,620.51	5,545,247.06
20. Patronage Capital & Operating Margins (1 minus 19).....	1,679,667.28	990,801.62	1,408,862.49	921,665.68
21. Non-Operating Margins - Interest.....	86,460.68	85,074.65	58,332.00	21,169.82
22. Allowance for Funds Used During Construction.....				
23. Income (Loss) from Equity Investments.....				
24. Non Operating Margins - Other.....	(13,391.44)	(15,290.85)	7,794.00	(3,171.09)
25. Generation and Transmission Capital Credits.....				
26. Other Capital Credits and Patronage Dividends.....		5,802.00		
27. Extraordinary Items.....				
29. Patronage Capital or Margins (20 thru 27).....	1,752,736.52	1,066,387.42	1,474,988.49	939,664.41

**PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT**

ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	709	599	5. Miles Transmission		
2. Services Retired	356	344	6. Miles Distribution - Overhead	6,080.08	6,126.94
3. Total Services in Place	69,404	70,598	7. Miles Distribution - Underground	271.52	301.88
4. Idle Services (Exclude Seasonal)	9,328	9,736	8. Total Miles Energd. (5 + 6 + 7)	6,351.60	6,428.82

**FINANCIAL AND STATISTICAL REPORT**

Kentucky 54 Wayne **Exhibit Q**

PERIOD ENDED

page 16 of 24 RUS USE ONLY

INSTRUCTIONS - See RUS Bulletin 1717B-2

30-Apr-05

**PART C. BALANCE SHEET**

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service.....	138,276,380.67	29. Memberships.....	1,157,639.50
2. Construction Work in Progress.....	2,055,104.69	30. Patronage Capital.....	47,834,605.79
3. Total Utility Plant (1 + 2).....	<b>140,331,485.36</b>	31. Operating Margins - Prior Years.....	864,756.88
4. Accum. Provision for Depreciation and Amort.....	30,430,669.98	32. Operating Margins - Current Year.....	996,603.62
5. Net Utility Plant (3 - 4).....	<b>109,900,815.38</b>	33. Non Operating Margins.....	325,533.09
6. Nonutility Property - Net.....	210,649.80	34. Other Margins and Equities.....	471,999.59
7. Investments in Subsidiary Companies.....	181,139.00	35. Total Margins & Equities (30 thru 35).....	<b>51,651,138.47</b>
8. Invest. In Asscc. Org. - Patronage Capital.....	19,239,775.24	36. Long - Term Debt - REA (Net).....	67,896,696.62
9. Invest. In Assoc. Org. - Other - General Funds.....	1,741,128.72	(Payments - Unapplied \$ -311,818.79 )	
10. Invest. In Assoc. Org. - Other - Nongeneral Funds.....		37. Long - Term - Other - Econ. Devel. (Net).....	
11. Investments in Economic Development Projects.....		38. Long - Term Debt - FFB - REA Guaranteed.....	
12. Other Investments.....		39. Long - Term Debt - Other - REA Guaranteed.....	
13. Special Funds.....		40. Long - Term Debt - Other (Net).....	12,174,765.52
14. Total Other Property and Investments (6 thru 13).....	<b>21,372,692.76</b>	41. Total Long - Term Debt (36 thru 40).....	<b>80,071,462.14</b>
15. Cash - General Funds.....	652,422.99	42. Obligations Under Capital Leases.....	
16. Cash - Construction Funds - Trustee.....		43. Accumulated Operating Provisions.....	3,720,245.75
17. Special Deposits.....		44. Total Other Noncurrent Liabilities (42 + 43).....	<b>3,720,245.75</b>
18. Temporary Investments.....	7,643,636.96	45. Notes Payable.....	
19. Notes Receivable - (Net).....	40,765.09	46. Accounts Payable.....	4,660,293.07
20. Accounts Receivable - Sales of Energy.....	5,655,411.86	47. Consumers Deposits.....	599,825.17
21. Accounts Receivable - Other (Net).....	727,863.54	48. Curr Maturities Long-Term Debt.....	2,564,923.77
22. Materials and Supplies - Electric and Other.....	1,387,072.01	49. Curr Maturit LT Debt ECON Dev.....	
Prepayments.....	247,973.64	50. Curr Maturities Capital Leases.....	
Other Current and Accrued Assets.....	321,821.17	51. Other Current and Accrued Liabilities.....	1,486,982.13
Total Current and Accrued Assets (15 thru 24).....	<b>16,676,967.26</b>	52. Total Current & Accrued Liabilities (45 thru 48).....	<b>9,312,024.14</b>
26. Regulatory Assets.....		53. Regulatory Liabilities.....	
27. Other Deferred Debits.....	16,253.74	54. Deferred Credits.....	3,211,858.64
28. Total and Other Debits (5 + 14 + 25 thru 28).....	<b>147,966,729.14</b>	55. Total Liabilities and Other Credits (36 + 41 + 44 thru 51).....	<b>147,966,729.14</b>
		<b>ESTIMATED CONTRIBUTIONS IN AID OF CONSTRUCTION</b>	
		Balance Beginning of Year.....	
		Amounts Received This Year (Net).....	
		Total Contributions in Aid of Construction.....	

**PART D. NOTES TO FINANCIAL STATEMENTS**

THE SPACE BELOW IS PROVIDED FOR IMPORTANT NOTES REGARDING THE FINANCIAL STATEMENT CONTAINED IN THIS REPORT.

(IF ADDITIONAL SPACE IS NEEDED, USE SEPARATE SHEET.)

USDA-RUS

**FINANCIAL AND STATISTICAL REPORT**

BORROWER DESIGNATION

**Kentucky 54 Wayne**

**Exhibit Q**

BORROWER NAME AND ADDRESS

**page 17 of 24**

**South Kentucky R.E.C.C.  
925-929 North Main Street  
Somerset, Kentucky 42501**

INSTRUCTIONS - Submit an original and two copies to RUS. Round all amounts to nearest dollar. For detailed instructions, see Bulletin 17178-2.

PERIOD ENDED  
**31-May-05**

RUS USE ONLY

**CERTIFICATION**

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

ALL INSURANCE REQUIRED BY PART 1799 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

SIGNATURE OF OFFICE MANAGER OR ACCOUNTANT

DATE

**7-7-05**

SIGNATURE OF MANAGER

DATE

**7-7-05**

**PART A. STATEMENT OF OPERATIONS**

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Operating Revenue and Patronage Capital.....	<b>31,614,368.88</b>	<b>33,857,906.77</b>	<b>33,567,684.00</b>	<b>5,294,558.20</b>
2. Power Production Expense.....				
3. Cost of Purchased Power.....	21,543,137.00	23,899,447.00	23,196,726.00	3,636,608.00
4. Transmission Expense.....				
5. Distribution Expense - Operation.....	1,386,697.34	1,290,137.01	1,269,891.91	269,696.08
6. Distribution Expense - Maintenance.....	1,848,054.94	1,774,948.23	1,946,832.64	357,498.03
7. Consumer Accounts Expense.....	1,223,685.63	1,301,693.33	1,294,757.07	242,138.54
8. Customer Service and Informational Expense.....	269,792.48	206,837.92	246,585.99	14,179.32
9. Salaries.....	6,175.97	6,222.78	6,394.50	1,473.41
10. Administrative and General Expense.....	1,236,791.99	1,212,759.97	1,286,609.84	233,375.18
11. Total Operation & Maintenance Expense (2 thru 10).....	<b>27,514,335.35</b>	<b>29,692,046.24</b>	<b>29,247,797.95</b>	<b>4,754,968.56</b>
12. Depreciation and Amortization Expense.....	1,578,980.85	1,658,433.66	1,739,240.00	335,492.40
13. Tax Expense - Property & Gross Receipts.....			0.00	
14. Tax Expense - Other.....			0.00	
15. Interest on Long - Term Debt.....	1,258,600.43	1,617,989.42	1,595,007.00	328,991.45
16. Interest Charged to Construction - Credit.....				
17. Interest Expense - Other.....	9,195.93	4,339.03	16,666.65	1,131.35
18. Other Deductions.....	30,518.69	26,980.69	27,211.60	6,658.33
19. Total Cost of Electric Service (11 thru 18).....	<b>30,391,631.25</b>	<b>32,999,789.04</b>	<b>32,625,923.20</b>	<b>5,427,242.09</b>
20. Patronage Capital & Operating Margins (1 minus 19).....	<b>1,222,737.63</b>	<b>858,117.73</b>	<b>941,760.80</b>	<b>(132,683.89)</b>
21. Non-Operating Margins - Interest.....	108,883.94	105,043.35	72,915.00	19,968.70
22. Allowance for Funds Used During Construction.....				
23. Income (Loss) from Equity Investments.....				
24. Non Operating Margins - Other.....	(7,602.48)	(10,791.66)	5,080.00	4,499.19
25. Generation and Transmission Capital Credits.....				
26. Other Capital Credits and Patronage Dividends.....		5,802.00		
27. Extraordinary Items.....				
28. Patronage Capital or Margins (20 thru 27).....	<b>1,324,019.09</b>	<b>958,171.42</b>	<b>1,019,755.80</b>	<b>(108,216.00)</b>

**PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT**

ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	<b>912</b>	<b>764</b>	5. Miles Transmission		
2. Seasonally Retired	<b>433</b>	<b>437</b>	6. Miles Distribution - Overhead	<b>6,083.62</b>	<b>6,129.16</b>
3. Total Services in Place	<b>69,530</b>	<b>70,670</b>	7. Miles Distribution - Undreground	<b>273.00</b>	<b>303.58</b>
4. Idle Services (Exclude Seasonal)	<b>9,588</b>	<b>10,097</b>	8. Total Miles Energd (5 + 6 + 7)	<b>6,356.62</b>	<b>6,432.74</b>

**FINANCIAL AND STATISTICAL REPORT**

Kentucky 54 Wayne **Exhibit Q**

PERIOD ENDED

page 18 of 24 RHS USE ONLY

INSTRUCTIONS - See RUS Bulletin 1717B-2

31-May-05

**PART C. BALANCE SHEET**

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service.....	138,936,210.80	29. Memberships.....	1,159,049.50
2. Construction Work in Progress.....	2,276,717.57	30. Patronage Capital.....	47,829,487.77
3. Total Utility Plant (1 + 2).....	<b>141,212,928.37</b>	31. Operating Margins - Prior Years.....	864,756.88
4. Accum. Provision for Depreciation and Amort.....	30,625,074.98	32. Operating Margins - Current Year.....	863,919.73
5. Net Utility Plant (3 - 4).....	<b>110,587,853.39</b>	33. Non Operating Margins.....	350,000.98
6. Nonutility Property - Net.....	208,167.33	34. Other Margins and Equities.....	474,562.38
7. Investments in Subsidiary Companies.....	181,139.00	35. Total Margins & Equities (30 thru 35).....	<b>51,541,777.24</b>
8. Invest. In Assoc. Org. - Patronage Capital.....	19,239,775.24	36. Long - Term Debt - REA (Net).....	67,658,974.55
9. Invest. In Assoc. Org. - Other - General Funds.....	1,741,128.72	(Payments - Unapplied \$ -313,131.98 )	
10. Invest. In Assoc. Org. - Other - Nongeneral Funds.....		37. Long - Term - Other - Econ. Devel. (Net).....	250,000.00
11. Investments in Economic Development Projects.....	250,000.00	38. Long - Term Debt - FFB - REA Guaranteed.....	
12. Other Investments.....		39. Long - Term Debt - Other - REA Guaranteed.....	
13. Special Funds.....		40. Long - Term Debt - Other (Net).....	12,047,137.19
14. Total Other Property and Investments (6 thru 13).....	<b>21,620,210.29</b>	41. Total Long - Term Debt (36 thru 40).....	<b>79,956,111.74</b>
15. Cash - General Funds.....	922,984.39	42. Obligations Under Capital Leases.....	
16. Cash - Construction Funds - Trustee.....		43. Accumulated Operating Provisions.....	3,728,426.49
17. Special Deposits.....		44. Total Other Noncurrent Liabilities (42 + 43).....	<b>3,728,426.49</b>
18. Temporary Investments.....	6,790,719.28	45. Notes Payable.....	
19. Notes Receivable - (Net).....	35,997.48	46. Accounts Payable.....	4,603,053.10
20. Accounts Receivable - Sales of Energy.....	4,910,590.58	47. Consumers Deposits.....	595,940.17
21. Accounts Receivable - Other (Net).....	718,402.62	48. Curr Maturities Long-Term Debt.....	2,564,923.77
22. Materials and Supplies - Electric and Other.....	1,407,792.91	49. Curr Maturit LT Debt ECON Dev.....	
23. Prepayments.....	174,872.36	50. Curr Maturities Capital Leases.....	
24. Other Current and Accrued Assets.....	406,836.37	51. Other Current and Accrued Liabilities.....	1,407,378.40
25. Total Current and Accrued Assets (15 thru 24).....	<b>15,368,195.99</b>	52. Total Current & Accrued Liabilities (45 thru 48).....	<b>9,171,295.44</b>
26. Regulatory Assets.....		53. Regulatory Liabilities.....	
27. Other Deferred Debits.....	35,177.77	54. Deferred Credits.....	3,213,826.53
28. Total and Other Debits (5 + 14 + 25 thru 28).....	<b>147,611,437.44</b>	55. Total Liabilities and Other Credits (36 + 41 + 44 thru 51).....	<b>147,611,437.44</b>
		<b>ESTIMATED CONTRIBUTIONS IN AID OF CONSTRUCTION</b>	
		Balance Beginning of Year.....	
		Amounts Received This Year (Net).....	
		Total Contributions in Aid of Construction.....	

**PART D. NOTES TO FINANCIAL STATEMENTS**

THE SPACE BELOW IS PROVIDED FOR IMPORTANT NOTES REGARDING THE FINANCIAL STATEMENT CONTAINED IN THIS REPORT.

(IF ADDITIONAL SPACE IS NEEDED, USE SEPARATE SHEET.)

**FINANCIAL AND STATISTICAL REPORT**

**BORROWER DESIGNATION**  
 Kentucky 54 Wayne  
**BORROWER NAME AND ADDRESS**  
 South Kentucky R.E.C.C.  
 925-929 North Main Street  
 Somerset, Kentucky 42501

**Exhibit Q**  
 page 19 of 24

**INSTRUCTIONS** - Submit an original and two copies to RUS. Round all amounts to nearest dollar. For detailed instructions, see Bulletin 17178-2.

**PERIOD ENDED**  
 30-Jun-05

**RUS USE ONLY**

**CERTIFICATION**

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

**ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.**

*[Signature]*  
 SIGNATURE OF OFFICE MANAGER OR ACCOUNTANT

*[Signature: Allen Anderson]*  
 SIGNATURE OF MANAGER

*5-1-05*  
 DATE

*7-28-05*  
 DATE

**PART A. STATEMENT OF OPERATIONS**

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Operating Revenue and Patronage Capital.....	36,966,903.29	38,909,256.74	39,552,083.00	5,051,349.97
2. Power Production Expense.....				
3. Cost of Purchased Power.....	25,185,373.00	28,191,093.00	27,555,256.00	4,291,646.00
4. Transmission Expense.....				
5. Distribution Expense - Operation.....	1,482,125.77	1,559,013.99	1,514,725.12	268,876.98
6. Distribution Expense - Maintenance.....	2,144,052.39	2,184,750.05	2,367,949.01	409,801.82
7. Consumer Accounts Expense.....	1,460,257.58	1,535,549.12	1,552,219.86	233,855.79
8. Customer Service and Informational Expense.....	318,185.73	268,867.44	311,172.28	62,029.52
9. Sales Expense.....	7,528.92	7,511.90	7,673.40	1,289.12
10. Administrative and General Expense.....	1,517,001.88	1,527,832.69	1,583,175.72	315,072.72
11. Total Operation & Maintenance Expense (2 thru 10).....	32,114,525.27	35,274,618.19	34,892,171.39	5,582,571.95
12. Depreciation and Amortization Expense.....	1,890,687.70	1,995,505.51	2,088,588.00	337,071.85
13. Tax Expense - Property & Gross Receipts.....			0.00	
14. Tax Expense - Other.....			0.00	
15. Interest on Long - Term Debt.....	1,508,431.26	1,943,944.93	1,908,459.00	325,955.51
16. Interest Charged to Construction - Credit.....				
17. Interest Expense - Other.....	11,110.28	5,649.50	19,999.98	1,310.47
18. Other Deductions.....	34,742.69	31,585.91	32,653.92	4,605.22
19. Total Cost of Electric Service (11 thru 18).....	35,559,497.20	39,251,304.04	38,941,872.29	6,251,515.00
20. Patronage Capital & Operating Margins (1 minus 19).....	1,407,406.09	(342,047.30)	610,210.71	(1,200,165.03)
21. Non-Operating Margins - Interest.....	128,332.97	126,278.91	87,498.00	21,235.56
22. Allowance for Funds Used During Construction.....				
23. Income (Loss) from Equity Investments.....				
24. Non Operating Margins - Other.....	46,406.03	(10,001.18)	2,209.00	790.48
25. Generation and Transmission Capital Credits.....				
26. Other Capital Credits and Patronage Dividends.....		8,571.57		2,769.57
27. Extraordinary Items.....				
28. Patronage Capital or Margins (20 thru 27).....	1,582,145.09	(217,198.00)	699,917.71	(1,175,369.42)

**PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT**

ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	1,158	992	5. Miles Transmission		
2. Services Retired	538	523	6. Miles Distribution - Overhead	6,091.43	6,133.65
3. Total Services in Place	69,671	70,812	7. Miles Distribution - Underground	275.36	307.02
4. Idle Services (Exclude Seasonal)	9,643	10,137	8. Total Miles Energd. (5 + 6 + 7)	6,366.79	6,440.67

**FINANCIAL AND STATISTICAL REPORT**

BORROWER DESIGNATION

Kentucky 54 Wayne **Exhibit Q**

PERIOD ENDED

page 20 of 24 ONLY

INSTRUCTIONS - See RUS Bulletin 1717B-2

30-Jun-05

**PART C. BALANCE SHEET**

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service.....	139,681,628.54	29. Memberships.....	1,160,738.50
2. Construction Work in Progress.....	2,366,898.68	30. Patronage Capital.....	47,813,049.62
3. Total Utility Plant (1 + 2).....	<b>142,048,527.22</b>	31. Operating Margins - Prior Years.....	864,756.88
4. Accum. Provision for Depreciation and Amort.....	30,751,492.03	32. Operating Margins - Current Year.....	(333,475.73)
5. Net Utility Plant (3 - 4).....	<b>111,297,035.19</b>	33. Non Operating Margins.....	372,027.02
6. Nonutility Property - Net.....	204,870.87	34. Other Margins and Equities.....	483,445.35
7. Investments in Subsidiary Companies.....	181,139.00	35. Total Margins & Equities (30 thru 35).....	<b>50,360,541.64</b>
8. Invest. In Assoc. Org. - Patronage Capital.....	19,241,713.94	36. Long - Term Debt - REA (Net).....	67,658,974.55
9. Invest. In Assoc. Org. - Other - General Funds.....	1,741,128.72	(Payments - Unapplied \$ -314,418.82 )	
10. Invest. In Assoc. Org. - Other - Nongeneral Funds.....		37. Long - Term - Other - Econ. Devel. (Net).....	250,000.00
11. Investments in Economic Development Projects.....	250,000.00	38. Long - Term Debt - FFB - REA Guaranteed.....	
12. Other Investments.....		39. Long - Term Debt - Other - REA Guaranteed.....	
13. Special Funds.....		40. Long - Term Debt - Other (Net).....	12,047,137.19
14. Total Other Property and Investments (6 thru 13).....	<b>21,618,852.53</b>	41. Total Long - Term Debt (36 thru 40).....	<b>79,956,111.74</b>
15. Cash - General Funds.....	1,811,314.49	42. Obligations Under Capital Leases.....	
16. Cash - Construction Funds - Trustee.....		43. Accumulated Operating Provisions.....	3,736,607.23
17. Special Deposits.....		44. Total Other Noncurrent Liabilities (42 + 43).....	<b>3,736,607.23</b>
18. Temporary Investments.....	4,620,080.35	45. Notes Payable.....	4,805,417.57
19. Notes Receivable - (Net).....	30,493.05	46. Accounts Payable.....	592,830.17
20. Accounts Receivable - Sales of Energy.....	4,486,903.44	47. Consumers Deposits.....	2,564,923.77
21. Accounts Receivable - Other (Net).....	714,479.05	48. Curr Maturities Long-Term Debt.....	
22. Materials and Supplies - Electric and Other.....	1,462,577.68	49. Curr Maturit LT Debt ECON Dev.....	
23. Prepayments.....	599,198.03	50. Curr Maturities Capital Leases.....	
24. Other Current and Accrued Assets.....	491,657.54	51. Other Current and Accrued Liabilities.....	1,895,754.65
25. Total Current and Accrued Assets (15 thru 24).....	<b>14,216,703.63</b>	52. Total Current & Accrued Liabilities (45 thru 48).....	<b>9,858,926.16</b>
26. Regulatory Assets.....		53. Regulatory Liabilities.....	
27. Other Deferred Debits.....	34,551.88	54. Deferred Credits.....	3,254,956.26
28. Total and Other Debits (5 + 14 + 25 thru 28).....	<b>147,167,143.03</b>	55. Total Liabilities and Other Credits (36 + 41 + 44 thru 51).....	<b>147,167,143.03</b>
		<b>ESTIMATED CONTRIBUTIONS IN AID OF CONSTRUCTION</b>	
		Balance Beginning of Year.....	
		Amounts Received This Year (Net).....	
		Total Contributions in Aid of Construction.....	

**PART D. NOTES TO FINANCIAL STATEMENTS**

THE SPACE BELOW IS PROVIDED FOR IMPORTANT NOTES REGARDING THE FINANCIAL STATEMENT CONTAINED IN THIS REPORT.

(IF ADDITIONAL SPACE IS NEEDED, USE SEPARATE SHEET.)

USDA-RUS  <b>FINANCIAL AND STATISTICAL REPORT</b>	BORROWER DESIGNATION <b>Kentucky 54 Wayne</b> BORROWER NAME AND ADDRESS <b>South Kentucky R.E.C.C.                  925-929 North Main Street                  Somerset, Kentucky 42501</b>
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**Exhibit Q**  
page 21 of 24

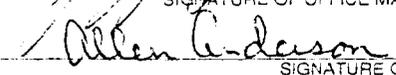
INSTRUCTIONS - Submit an original and two copies to RUS. Round all amounts to nearest dollar. For detailed instructions, see Bulletin 1717B-2.	PERIOD ENDED 31-Jul-05	RUS USE ONLY
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**CERTIFICATION**

*We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.*

**ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.**

  
 \_\_\_\_\_  
 SIGNATURE OF OFFICE MANAGER OR ACCOUNTANT

  
 \_\_\_\_\_  
 SIGNATURE OF MANAGER

8-22-05  
 \_\_\_\_\_  
 DATE

8-22-05  
 \_\_\_\_\_  
 DATE

**PART A. STATEMENT OF OPERATIONS**

ITEM	YEAR-TO-DATE			THIS MONTH
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Operating Revenue and Patronage Capital.....	42,764,659.51	46,628,865.67	46,031,338.00	7,719,608.93
2. Power Production Expense.....				
3. Cost of Purchased Power.....	29,456,205.00	33,592,692.00	32,473,038.00	5,401,599.00
4. Transmission Expense.....				
5. Distribution Expense - Operation.....	1,726,000.48	1,831,080.17	1,767,852.37	272,066.18
6. Distribution Expense - Maintenance.....	2,981,323.33	2,568,301.24	2,794,613.25	383,551.19
7. Consumer Accounts Expense.....	1,711,272.66	1,769,416.75	1,816,314.13	233,867.63
8. Customer Service and Informational Expense.....	341,348.72	291,749.53	357,444.31	22,882.09
9. Sales Expense.....	9,074.59	8,711.91	9,000.59	1,200.01
10. Administrative and General Expense.....	1,774,863.77	1,772,837.06	1,899,313.19	245,004.37
1. Total Operation & Maintenance Expense (2 thru 10).....	38,000,088.55	41,834,788.66	41,117,575.84	6,560,170.47
2. Depreciation and Amortization Expense.....	2,210,809.14	2,334,386.75	2,438,436.00	338,881.24
3. Tax Expense - Property & Gross Receipts.....	72,243.13	78,215.02	88,614.00	78,215.02
4. Tax Expense - Other.....			0.00	
5. Interest on Long - Term Debt.....	1,788,334.56	2,280,580.92	2,231,666.00	336,635.99
6. Interest Charged to Construction - Credit.....				
7. Interest Expense - Other.....	12,326.47	7,724.65	23,333.31	2,075.15
8. Other Deductions.....	36,452.62	33,752.80	38,109.59	2,166.89
9. Total Cost of Electric Service (11 thru 18).....	42,120,254.47	46,569,448.80	45,937,734.74	7,318,144.76
10. Patronage Capital & Operating Margins (1 minus 19).....	644,405.04	59,416.87	93,603.26	401,464.17
1. Non-Operating Margins - Interest.....	145,240.80	145,801.59	102,081.00	19,522.68
2. Allowance for Funds Used During Construction.....				
3. Income (Loss) from Equity Investments.....				
4. Non Operating Margins - Other.....	42,918.86	(13,556.56)	(208.00)	(3,555.38)
5. Generation and Transmission Capital Credits.....				
6. Other Capital Credits and Patronage Dividends.....		8,571.57		
7. Extraordinary Items.....				
8. Patronage Capital or Margins (20 thru 27).....	832,564.70	200,233.47	195,476.26	417,431.47

**PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT**

ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	1,384	1,199	5. Miles Transmission		
2. Services Retired	626	618	6. Miles Distribution - Overhead	6,096.15	6,137.47
3. Total Services in Place	69,809	70,924	7. Miles Distribution - Undreground	278.23	308.55
4. Idle Services (Exclude Seasonal)	10,734	9,921	8. Total Miles Energd. (5 + 6 + 7)	6,374.38	6,446.02

**FINANCIAL AND STATISTICAL REPORT**

**Kentucky 54 Wayne Exhibit Q**

PERIOD ENDED

page 22 of 24 ONLY

INSTRUCTIONS - See RUS Bulletin 1717B-2

31-Jul-05

**PART C. BALANCE SHEET**

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service.....	140,503,166.56	29. Memberships.....	1,164,120.76
2. Construction Work in Progress.....	2,502,983.77	30. Patronage Capital.....	47,803,137.88
3. Total Utility Plant (1 + 2).....	<b>143,006,150.33</b>	31. Operating Margins - Prior Years.....	864,756.88
4. Accum. Provision for Depreciation and Amort.....	30,877,685.22	32. Operating Margins - Current Year.....	67,988.44
5. Net Utility Plant (3 - 4).....	<b>112,128,465.11</b>	33. Non Operating Margins.....	387,994.32
6. Nonutility Property - Net.....	203,228.92	34. Other Margins and Equities.....	439,176.03
7. Investments in Subsidiary Companies.....	181,139.00	35. Total Margins & Equities (30 thru 35).....	<b>50,777,174.31</b>
8. Invest. In Assoc. Org. - Patronage Capital.....	19,241,713.94	36. Long - Term Debt - REA (Net).....	67,447,353.12
9. Invest. In Assoc. Org. - Other - General Funds.....	1,741,128.72	(Payments - Unapplied \$ -315,748.56 )	
10. Invest. In Assoc. Org. - Other - Nongeneral Funds.....		37. Long - Term - Other - Econ. Devel. (Net).....	639,469.00
11. Investments in Economic Development Projects.....	639,469.00	38. Long - Term Debt - FFB - REA Guaranteed.....	
12. Other Investments.....		39. Long - Term Debt - Other - REA Guaranteed.....	
13. Special Funds.....		40. Long - Term Debt - Other (Net).....	12,047,137.19
14. Total Other Property and Investments (6 thru 13).....	<b>22,006,679.58</b>	41. Total Long - Term Debt (36 thru 40).....	<b>80,133,959.31</b>
15. Cash - General Funds.....	986,601.12	42. Obligations Under Capital Leases.....	
16. Cash - Construction Funds - Trustee.....		43. Accumulated Operating Provisions.....	3,745,151.82
17. Special Deposits.....		44. Total Other Noncurrent Liabilities (42 + 43).....	<b>3,745,151.82</b>
18. Temporary Investments.....	4,534,975.55	45. Notes Payable.....	
19. Notes Receivable - (Net).....	27,899.88	46. Accounts Payable.....	6,801,603.90
20. Accounts Receivable - Sales of Energy.....	6,212,282.87	47. Consumers Deposits.....	599,130.17
21. Accounts Receivable - Other (Net).....	775,289.18	48. Curr Maturities Long-Term Debt.....	2,564,923.77
22. Materials and Supplies - Electric and Other.....	1,650,625.57	49. Curr Maturit LT Debt ECON Dev.....	
repayments.....	571,488.14	50. Curr Maturities Capital Leases.....	
23. Other Current and Accrued Assets.....	576,672.74	51. Other Current and Accrued Liabilities.....	1,652,144.18
24. Total Current and Accrued Assets (15 thru 24).....	<b>15,335,835.05</b>	52. Total Current & Accrued Liabilities (45 thru 48).....	<b>11,617,802.02</b>
25. Regulatory Assets.....		53. Regulatory Liabilities.....	
27. Other Deferred Debits.....	65,058.90	54. Deferred Credits.....	3,261,951.18
28. Total and Other Debits (5 + 14 + 25 thru 28).....	<b>149,536,038.64</b>	55. Total Liabilities and Other Credits.....	
		(36 + 41 + 44 thru 51).....	<b>149,536,038.64</b>
		<b>ESTIMATED CONTRIBUTIONS IN AID OF CONSTRUCTION</b>	
		Balance Beginning of Year.....	
		Amounts Received This Year (Net).....	
		Total Contributions in Aid of Construction.....	

**PART D. NOTES TO FINANCIAL STATEMENTS**

THE SPACE BELOW IS PROVIDED FOR IMPORTANT NOTES REGARDING THE FINANCIAL STATEMENT CONTAINED IN THIS REPORT.

(IF ADDITIONAL SPACE IS NEEDED, USE SEPARATE SHEET.)

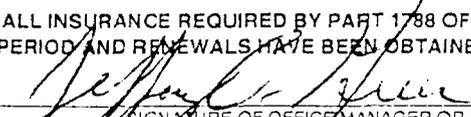
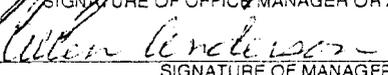
USDA-RUS  <b>FINANCIAL AND STATISTICAL REPORT</b>	BORROWER DESIGNATION <b>Kentucky 54 Wayne</b>  BORROWER NAME AND ADDRESS <b>South Kentucky R.E.C.C.                  925-929 North Main Street                  Somerset, Kentucky 42501</b>
	<b>Exhibit Q</b> page 23 of 24

INSTRUCTIONS - Submit an original and two copies to RUS. Round all amounts to nearest dollar. For detailed instructions, see Bulletin 17178-2.	PERIOD ENDED 31-Aug-05	RUS USE ONLY
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**CERTIFICATION**

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

**ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.**

  
 \_\_\_\_\_  
 SIGNATURE OF OFFICE MANAGER OR ACCOUNTANT  
  
  
 \_\_\_\_\_  
 SIGNATURE OF MANAGER

9-22-05  
 \_\_\_\_\_  
 DATE  
  
 9-22-05  
 \_\_\_\_\_  
 DATE

**PART A. STATEMENT OF OPERATIONS**

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Operating Revenue and Patronage Capital.....	48,271,796.45	53,434,431.71	53,002,571.00	6,805,566.04
2. Power Production Expense.....				
3. Cost of Purchased Power.....	33,427,687.00	38,792,037.00	37,200,070.00	5,199,345.00
4. Transmission Expense.....				
5. Distribution Expense - Operation.....	1,973,124.37	2,092,836.72	2,016,609.62	261,756.55
6. Distribution Expense - Maintenance.....	3,141,492.73	2,964,645.54	3,221,087.49	396,344.30
7. Consumer Accounts Expense.....	1,972,562.47	2,016,738.90	2,079,508.06	247,322.15
8. Customer Service and Informational Expense.....	411,174.51	356,674.80	406,089.38	64,925.27
9. Sales Expense.....	10,211.27	10,096.05	10,327.78	1,384.14
10. Administrative and General Expense.....	2,015,152.80	2,060,015.77	2,158,217.66	287,178.71
11. Total Operation & Maintenance Expense (2 thru 10).....	42,951,405.15	48,293,044.78	47,091,909.99	6,458,256.12
12. Depreciation and Amortization Expense.....	2,532,021.74	2,675,805.60	2,788,784.00	341,418.85
13. Tax Expense - Property & Gross Receipts.....	72,243.13	78,215.02	88,614.00	
14. Tax Expense - Other.....			0.00	
15. Interest on Long - Term Debt.....	2,071,626.85	2,619,324.41	2,555,566.00	338,743.49
16. Interest Charged to Construction - Credit.....				
17. Interest Expense - Other.....	38,087.12	35,372.31	26,666.64	27,647.66
18. Other Deductions.....	57,955.90	40,269.50	43,565.26	6,516.70
19. Total Cost of Electric Service (11 thru 18).....	47,723,339.89	53,742,031.62	52,595,105.89	7,172,582.82
20. Patronage Capital & Operating Margins (1 minus 19).....	548,456.56	(307,599.91)	407,465.11	(367,016.78)
21. Non-Operating Margins - Interest.....	161,394.32	165,179.10	116,664.00	19,377.51
22. Allowance for Funds Used During Construction.....				
23. Income (Loss) from Equity Investments.....				
24. Non Operating Margins - Other.....	35,027.60	(18,228.12)	16,768.00	(4,671.56)
25. Generation and Transmission Capital Credits.....				
26. Other Capital Credits and Patronage Dividends.....	58,331.88	64,802.81		56,231.24
27. Extraordinary Items.....				
28. Patronage Capital or Margins (20 thru 27).....	803,210.36	(95,846.12)	540,897.11	(296,079.59)

**PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT**

ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	1,597	1,437	5. Miles Transmission		
2. Services Retired	729	729	6. Miles Distribution - Overhead	6,100.11	6,139.92
3. Total Services in Place	69,919	71,051	7. Miles Distribution - Undreground	281.38	311.46
4. Idle Services (Exclude Seasonal)	9,706	10,015	8. Total Miles Energd. (5 + 6 + 7)	6,381.49	6,451.38

**FINANCIAL AND STATISTICAL REPORT**

Kentucky 54 Wayne **Exhibit Q**

PERIOD ENDED

page 24 of 24 RUS USE ONLY

INSTRUCTIONS - See RUS Bulletin 1717B-2

31-Aug-05

**PART C. BALANCE SHEET**

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service.....	141,510,455.19	29. Memberships.....	1,165,578.50
2. Construction Work in Progress.....	2,214,779.40	30. Patronage Capital.....	51,988,656.56
3. Total Utility Plant (1 + 2).....	<b>143,725,234.59</b>	31. Operating Margins - Prior Years.....	(2,182,406.46)
4. Accum. Provision for Depreciation and Amort.....	31,037,777.99	32. Operating Margins - Current Year.....	(242,797.10)
5. Net Utility Plant (3 - 4).....	<b>112,687,456.60</b>	33. Non Operating Margins.....	(736,932.01)
6. Nonutility Property - Net.....	206,693.11	34. Other Margins and Equities.....	495,716.88
7. Investments in Subsidiary Companies.....	181,139.00	35. Total Margins & Equities (30 thru 35).....	<b>50,487,816.37</b>
8. Invest. In Assoc. Org. - Patronage Capital.....	19,225,662.90	36. Long - Term Debt - REA (Net).....	67,206,294.96
9. Invest. In Assoc. Org. - Other - General Funds.....	1,741,128.72	(Payments - Unapplied \$ -317,078.30 )	
10. Invest. In Assoc. Org. - Other - Nongeneral Funds.....		37. Long - Term - Other - Econ. Devel. (Net).....	597,276.46
11. Investments in Economic Development Projects.....	636,223.42	38. Long - Term Debt - FFB - REA Guaranteed.....	
12. Other Investments.....		39. Long - Term Debt - Other - REA Guaranteed.....	
13. Special Funds.....		40. Long - Term Debt - Other (Net).....	11,917,632.06
14. Total Other Property and Investments (6 thru 13).....	<b>21,990,847.15</b>	41. Total Long - Term Debt (36 thru 40).....	<b>79,721,203.48</b>
15. Cash - General Funds.....	1,201,483.07	42. Obligations Under Capital Leases.....	
16. Cash - Construction Funds - Trustee.....		43. Accumulated Operating Provisions.....	3,753,696.41
17. Special Deposits.....		44. Total Other Noncurrent Liabilities (42 + 43).....	<b>3,753,696.41</b>
18. Temporary Investments.....	4,005,689.59	45. Notes Payable.....	802,692.24
19. Notes Receivable - (Net).....	24,417.48	46. Accounts Payable.....	6,396,414.88
20. Accounts Receivable - Sales of Energy.....	5,420,473.08	47. Consumers Deposits.....	607,015.17
21. Accounts Receivable - Other (Net).....	762,247.02	48. Curr Maturities Long-Term Debt.....	2,564,923.77
22. Materials and Supplies - Electric and Other.....	1,634,970.27	49. Curr Maturit LT Debt ECON Dev.....	38,946.96
23. Prepayments.....	494,922.76	50. Curr Maturities Capital Leases.....	
24. Other Current and Accrued Assets.....	661,687.94	51. Other Current and Accrued Liabilities.....	1,630,678.49
25. Total Current and Accrued Assets (15 thru 24).....	<b>14,205,891.21</b>	52. Total Current & Accrued Liabilities (45 thru 48).....	<b>12,040,671.51</b>
26. Regulatory Assets.....		53. Regulatory Liabilities.....	
27. Other Deferred Debits.....	373,975.26	54. Deferred Credits.....	3,254,782.45
28. Total and Other Debits (5 + 14 + 25 thru 28).....	<b>149,258,170.22</b>	55. Total Liabilities and Other Credits (36 + 41 + 44 thru 51).....	<b>149,258,170.22</b>
		<b>ESTIMATED CONTRIBUTIONS IN AID OF CONSTRUCTION</b>	
		Balance Beginning of Year.....	
		Amounts Received This Year (Net).....	
		Total Contributions in Aid of Construction.....	

**PART D. NOTES TO FINANCIAL STATEMENTS**

THE SPACE BELOW IS PROVIDED FOR IMPORTANT NOTES REGARDING THE FINANCIAL STATEMENT CONTAINED IN THIS REPORT.

(IF ADDITIONAL SPACE IS NEEDED, USE SEPARATE SHEET)

**SOUTH KENTUCKY RECC  
SOMERSET KENTUCKY**

**Case No. 2005-00450**

**UNBUNDLED COST OF SERVICE STUDY**

**For the Year Ended August 31, 2005**

Prepared March 2006

J. Adkins

**SOUTH KENTUCKY RECC  
CASE NO. 2005-00450**

**Exhibit R**

**INDEX TO  
COST OF SERVICE STUDY**

<b><u>Schedules</u></b>	<b><u>Description</u></b>
1	Statement of Operations by Expense Category
2	Statement of Operations by Function
3	Allocation of Revenue Requirements to Rate Classes
4	Functionalization and Classification of Revenue Requirements
5	Net Investment Rate Base by Function and Classification
6	Demand Related and Energy Related Allocators
7	Development of Demand Related and Customer Related Plant Investment
8	Consumer Related Cost Allocators

**SOUTH KENTUCKY RECC  
SOMERSET, KY**

Exhibit R  
Schedule 1  
Page 1 of 3

**Case No. 2005-00450  
Statement of Operations  
Based on Expenses Category for each Rate Class**

	Schedule A Residential	Schedule A ETS	Schedule B Commercial	Schedule B ETS	Schedule LP Large Power
Revenue	46,846,925	421,319	4,249,966	533	8,665,601
Purchased Power Costs	32,919,946	331,459	4,085,388	385	6,816,422
O&M	8,671,260	40,687	876,570	47	513,980
Admin & General	2,208,614	13,558	229,091	16	131,637
Depreciation & Misc.	2,939,460	2,326	400,753	3	307,011
Interest	2,776,086	2,169	378,651	3	290,184
Total Costs	49,515,367	390,199	5,970,453	453	8,059,235
Operating Margin	(2,668,442)	31,120	(1,720,487)	80	606,366
Other Income	1,542,275	1,205	210,362	1	161,214
Net Margins	(1,126,167)	32,325	(1,510,125)	82	767,580
TIER	0.59	16.03	(3.02)	33.68	3.67
Interest on LTD (Margins) #	2,752,692	2,150	375,460	2	287,739
Total Costs	49,515,367	390,199	5,970,453	453	8,059,235
Total Revenue Requirements	52,268,058	392,350	6,345,913	455	8,346,974
Less Other Income	1,542,275	1,205	210,362	1	161,214
Revenue Requirements	50,725,784	391,145	6,135,551	454	8,185,760
Normalized Revenue	46,846,925	421,319	4,249,966	533	8,665,601
Increase in Revenue	3,878,859	(30,174)	1,885,585	(79)	(479,841)
Increase Amount for Rate Design	4,092,845	36,809	849,993	107	-
Percent Increase	8.74%	8.74%	20.0%	20.0%	

**SOUTH KENTUCKY RECC  
SOMERSET, KY**

**Case No. 2005-00450  
Statement of Operations  
Based on Expenses Category for each Rate Class**

	Schedule LP-1 (500-4,999 kW)	Schedule LP-2 (5,000-9,999 kW)	Schedule LP-3 (500-4,999 kW)	Special Contract	Schedule OPS Optional Power
Revenue	1,850,764	2,069,359	1,952,450	44,320	1,250,199
Purchased Power Co:	1,465,406	1,712,123	1,739,426	12,053	979,693
O&M	78,797	98,097	113,629	2,967	145,236
Admin & General	21,011	26,246	30,362	824	35,373
Depreciation & Misc.	51,204	64,081	73,824	1,954	79,803
Interest	48,400	60,572	69,781	1,847	75,426
Total Costs	1,664,817	1,961,118	2,027,021	19,645	1,315,531
Operating Margin	185,947	108,241	(74,571)	24,675	(65,332)
Other Income	26,889	33,651	38,767	1,026	41,904
Net Margins	212,835	141,892	(35,804)	25,701	(23,429)
TIER	5.43	3.36	0.48	15.03	0.69
Interest on LTD (Marg	47,992	60,061	69,193	1,831	74,791
Total Costs	1,664,817	1,961,118	2,027,021	19,645	1,315,531
Total Revenue Requir	1,712,809	2,021,179	2,096,214	21,476	1,390,322
Less Other Income	26,889	33,651	38,767	1,026	41,904
Revenue Requiremer	1,685,920	1,987,528	2,057,447	20,450	1,348,419
Normalized Revenue	1,850,764	2,069,359	1,952,450	44,320	1,250,199
Increase in Revenue	(164,844)	(81,831)	104,997	(23,870)	98,220
Increase Amount for F	-	-	104,997	-	98,220
Percent Increase			5.38%		7.86%

**SOUTH KENTUCKY RECC  
SOMERSET, KY**

**Case No. 2005-00450  
Statement of Operations  
Based on Expenses Category for each Rate Class**

	Schedule AES All Elec Sch.	Schedule OL Outdoor Light	Schedule STL Street Lights	Schedule DSTL Decorative St Lt	Totals
Revenue	480,361	1,643,394	38,839	33,061	69,547,091
Purchased Power Co:	368,634	741,966	28,167	8,794	51,209,863
O&M	33,625	545,639	13,454	3,792	11,137,780
Admin & General	8,847	149,572	6,859	1,861	2,863,870
Depreciation & Misc.	21,184	365,652	16,325	4,440	4,328,019
Interest	20,024	345,628	15,430	4,196	4,088,396
Total Costs	452,315	2,148,456	80,235	23,083	73,627,929
Operating Margin	28,046	(505,062)	(41,396)	9,978	(4,080,838)
Other Income	11,124	192,016	8,572	2,331	2,271,338
Net Margins	39,171	(313,046)	(32,823)	12,309	(1,809,500)
TIER	2.97	0.09	(1.15)	3.96	0.55
Interest on LTD (Marg	19,855	342,715	15,300	4,161	4,053,942
Total Costs	452,315	2,148,456	80,235	23,083	73,627,929
Total Revenue Requi	472,169	2,491,171	95,535	27,244	77,681,871
Less Other Income	11,124	192,016	8,572	2,331	2,271,338
Revenue Requiremer	461,045	2,299,155	86,962	24,913	75,410,533
Normalized Revenue	480,361	1,643,394	38,839	33,061	69,547,480
Increase in Revenue	(19,316)	655,761	48,123	(8,148) #	5,863,053
Increase Amount for F	-	657,358	19,420	3,306	5,863,053
Percent Increase		40.00%	50.00%	10%	8.43%

## SOUTH KENTUCKY RECC

Exhibit R  
Schedule 2  
Page 1 of 4Case No. 2005-00450  
Statement of Operations by Functional Classification

	<u>Schedule A Residential</u>	<u>Schedule A ETS</u>	<u>Schedule B Commercial</u>	<u>Schedule B ETS</u>
Revenue	46,846,925	421,319	4,249,966	533
Wholesale Demand Costs				
Generation	5,985,956	-	1,350,831	-
Transmission	2,572,215	-	580,463	-
Distribution Substation	721,852	-	162,898	-
Total Wholesale Demand	9,280,022	-	2,094,192	-
Wholesale Energy Costs	23,639,924	331,459	1,991,197	385
Total Wholesale Costs	32,919,946	331,459	4,085,388	385
Gross Margin	13,926,979	89,860	164,578	148
Distribution Demand Costs				
Lines	4,324,351	-	963,821	-
Transformers	712,645	-	158,836	-
Total Distribution Demand	5,036,996	-	1,122,657	-
Distribution Consumer Costs				
Lines	3,395,429	-	219,882	-
Transformers	413,981	-	40,714	-
Services	1,689,207	-	109,390	-
Meters	1,371,233	-	88,799	-
Consumer Services	4,688,574	58,740	303,624	68
Lighting				
Total Distribution Consumer	11,558,424	58,740	762,408	68
Total Distribution Costs	16,595,421	58,740	1,885,065	68
Operating Margin	(2,668,442)	31,120	(1,720,487)	80
Other Revenue	1,542,275	1,205	210,362	1
Net Margin	(1,126,167)	32,325	(1,510,125)	82

## SOUTH KENTUCKY RECC

Exhibit R  
Schedule 2  
Page 2 of 4

Case No. 2005-00450

## Statement of Operations by Functional Classification

	<u>Schedule LP Large Power</u>	<u>Schedule LP-1 (500-4,999 kW)</u>	<u>Schedule LP-2 (5,000-9,999 kW)</u>	<u>Schedule LP-3 (500-4,999 kW)</u>
Revenue	8,665,601	1,850,764	2,069,359	1,952,450
Wholesale Demand Costs				
Generation	1,310,831	260,308	333,925	295,882
Transmission	563,275	111,856	143,490	127,143
Distribution Substation	158,074	31,930	36,294	40,961
Total Wholesale Demand	2,032,180	404,095	513,710	463,986
Wholesale Energy Costs	4,784,242	1,061,311	1,198,413	1,275,439
Total Wholesale Costs	6,816,422	1,465,406	1,712,123	1,739,426
Gross Margin	1,849,179	385,358	357,236	213,024
Distribution Demand Costs				
Lines	965,619	170,513	212,698	244,751
Transformers	159,132	28,100	35,052	40,334
Total Distribution Demand	1,124,751	198,613	247,750	285,085
Distribution Consumer Costs				
Lines	15,105	123	61	307
Transformers	10,460	370	1,031	925
Services	25,361	-	-	515
Meters	38,932	-	-	-
Consumer Services	28,203	305	153	763
Lighting	-	-	-	-
Total Distribution Consumer	118,062	798	1,245	2,511
Total Distribution Costs	1,242,813	199,411	248,995	287,595
Operating Margin	606,366	185,947	108,241	(74,571)
Other Revenue	161,214	26,889	33,651	38,767
Net Margin	767,580	212,835	141,892	(35,804)

## SOUTH KENTUCKY RECC

Exhibit R  
Schedule 2  
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Statement of Operations by Functional Classification

	<u>Special Contract</u>	<u>Schedule OPS Optional Power</u>	<u>Schedule AES All Elec Sch.</u>	<u>Schedule OL Outdoor Light</u>
Revenue	44,320	1,250,199	480,361	1,643,394
Wholesale Demand Costs		-		
Generation	1,559	270,376	57,121	83,158
Transmission	670	116,183	24,545	35,734
Distribution Substation	188	32,605	6,888	10,028
Total Wholesale Demand	2,417	419,163	88,554	128,920
Wholesale Energy Costs	9,636	560,530	280,080	613,046
Total Wholesale Costs	12,053	979,693	368,634	741,966
Gross Margin	32,267	270,506	111,727	901,428
Distribution Demand Costs				
Lines	5,824	230,365	67,333	122,357
Transformers	960	37,964	11,096	20,164
Total Distribution Demand	6,784	268,329	78,429	142,521
Distribution Consumer Costs				
Lines	61	9,210	614	-
Transformers	370	6,378	1,176	-
Services	103	15,464	1,031	-
Meters	158	23,739	1,583	-
Consumer Services	115	12,718	848	-
Lighting	-	-	-	1,263,969
Total Distribution Consumer	808	67,510	5,252	1,263,969
Total Distribution Costs	7,592	335,839	83,681	1,406,490
Operating Margin	24,675	(65,332)	28,046	(505,062)
Other Revenue	1,026	41,904	11,124	192,016
Net Margin	25,701	(23,429)	39,171	(313,046)

## SOUTH KENTUCKY RECC

Exhibit R  
Schedule 2  
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Statement of Operations by Functional Classification

	<u>Schedule STL</u> <u>Street Lights</u>	<u>Schedule DSTL</u> <u>Decorative St Lt</u>	<u>Total</u>
Revenue	38,839	33,061	69,547,091
Wholesale Demand Costs			
Generation	3,118	1,197	9,954,262
Transmission	1,340	514	4,277,429
Distribution Substation	376	144	1,202,239
Total Wholesale Demand	<u>4,834</u>	<u>1,856</u>	<u>15,433,930</u>
Wholesale Energy Costs	23,333	6,938	35,775,933
Total Wholesale Costs	<u>28,167</u>	<u>8,794</u>	<u>51,209,863</u>
Gross Margin	10,672	24,267	18,337,228
Distribution Demand Costs			-
Lines	4,582	1,784	7,313,997
Transformers	755	294	1,205,333
Total Distribution Demand	<u>5,337</u>	<u>2,078</u>	<u>8,519,330</u>
Distribution Consumer Costs			
Lines	1,228	307	3,642,328
Transformers	804	150	476,360
Services	-	-	1,841,072
Meters	-	-	1,524,444
Consumer Services	843	211	5,095,164
Lighting	43,855	11,544	1,319,368
Total Distribution Consumer	<u>46,730</u>	<u>12,212</u>	<u>13,898,736</u>
Total Distribution Costs	<u>52,068</u>	<u>14,289</u>	<u>22,418,066</u>
Operating Margin	(41,396)	9,978	(4,080,838)
Other Revenue	8,572	2,331	2,271,338
Net Margin	<u>(32,823)</u>	<u>12,309</u>	<u>(1,809,500)</u>

**SOUTH KENTUCKY RECC  
CASE NO. 2005-00450**

Exhibit R  
Schedule 3  
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**Allocation of Revenue Requirements to Rate Classes**

	Total \$\$\$	Schedule A		
		Residential Demand	Farm & Non-Farm Energy	Service Consumer
<b>1 Purchased Power</b>				
2 Generation Demand	9,954,262	5,985,956		
3 Generation Energy	35,775,933		23,639,924	
4 Transmission Demand	4,277,429	2,572,215		
5 Substation Demand	1,202,239	721,852		
6				
7 <b>Total Purchased Power</b>	<b>51,209,863</b>	<b>9,280,022</b>	<b>23,639,924</b>	<b>-</b>
8				
<b>9 Lines</b>				
10 Distribution O&M Demand Related	3,356,526	1,984,523		
11 Distribution O&M Consumer Related	1,671,530			1,558,224
12 Admin & Gen Demand Related	687,607	406,543		
13 Admin & Gen Consumer Related	342,424			319,213
14 Deprec, Taxes & Misc Demand Related	1,680,959	993,856		
15 Deprec, Taxes & Misc Consumer Related	837,108			780,364
16 Interest Demand Related	1,588,905	939,429		
17 Interest Customer Related	791,265			737,629
18				
19 <b>Total Costs for Lines</b>	<b>10,956,325</b>	<b>4,324,351</b>	<b>-</b>	<b>3,395,429</b>
20				
21 Margins Demand Related	1,575,515	931,513		
22 Margins Consumer Related	784,597			731,413
23				
24 Credits Demand Related	882,728	521,907		
25 Credits Consumer Related	439,593			409,795
26				
27 <b>Revenue Requirements-Lines</b>	<b>11,994,117</b>	<b>4,733,957</b>	<b>-</b>	<b>3,717,046</b>
28				
<b>29 Transformers</b>				
30 Distribution O&M Demand Related	11,753	6,949		
31 Distribution O&M Consumer Related	4,645			4,037
32 Admin & Gen Demand Related	207,383	122,614		
33 Admin & Gen Consumer Related	81,960			71,228
34 Deprec, Taxes & Misc Demand Related	506,980	299,748		
35 Deprec, Taxes & Misc Consumer Related	200,364			174,126
36 Interest Demand Related	479,216	283,333		
37 Interest Customer Related	189,391			164,591
38				
39 <b>Total Costs for Transformers</b>	<b>1,681,692</b>	<b>712,645</b>	<b>-</b>	<b>413,981</b>

Allocation of Revenue Requirements to Rate Classes

	Total \$\$\$	Schedule A Residential Farm & Non-Farm Service		
		Demand	Energy	Consumer
40				
41 Margins Demand Related	475,178	280,946		
42 Margins Consumer Related	187,795			163,204
43				
44 Credits Demand Related	266,232	157,408		
45 Credits Consumer Related	105,218			91,440
46				
47 <b>Revenue Requirements-Transform.</b>	<b>1,973,215</b>	<b>836,182</b>	<b>-</b>	<b>485,746</b>
48				
49 <b>Services</b>				
50 Distribution O&M Consumer Related	844,901			775,208
51 Admin & Gen Consumer Related	173,084			158,807
52 Deprec, Taxes & Misc Consumer Related	423,129			388,226
53 Interest Customer Related	399,958			366,966
54				
55 Total Costs for Services	1,841,072	-	-	1,689,207
56				
57 Margins Consumer Related	396,587	-	-	363,874
58				
59 Credits Consumer Related	222,199	0		203,871
60				
61 <b>Revenue Requirements-Services</b>	<b>2,015,460</b>	<b>-</b>	<b>-</b>	<b>1,849,210</b>
62 <b>Meters</b>				
63 Distribution O&M Consumer Related	1,216,997			1,094,686
64 Admin & Gen Consumer Related	53,419			48,050
65 Deprec, Taxes & Misc Consumer Related	130,590			117,465
66 Interest Customer Related	123,438			111,033
67				
68 Total Costs for Services	1,524,444	-	-	1,371,233
69				
70 Margins Consumer Related	122,398			110,097
71				
72 Credits Consumer Related	68,577			61,685
73				
74 <b>Revenue Requirements-Meters</b>	<b>1,578,265</b>	<b>-</b>	<b>-</b>	<b>1,419,645</b>
75 <b>Lighting</b>				
76 Outdoor Lighting O&M	489,290			
77 Street Lighting O&M	12,870			
78 Outdoor Lighting A&G	134,600			
79 Street Lighting A&G	7,389			
80 Outdoor Lighting Deprec & Misc	329,049			
81 Street Lighting Deprec & Misc	18,064			
82 Outdoor Lighting Interest	311,030			
83 Street Lighting Interest	17,075			

Allocation of Revenue Requirements to Rate Classes

	Total \$\$\$	Schedule A		
		Residential Demand	Farm & Non-Farm Energy	Service Consumer
84				
85 Total Costs for Lights	1,319,368	-	-	-
86				
87 Outdoor Lighting Margins	308,409			
88 Street Lighting Margins	16,931			
89				
90 Outdoor Lighting Revenue Credit	172,795			
91 Street Lighting Revenue Credit	9,486			
92				
93 <b>Revenue Requirements-Lighting</b>	<b>1,462,427</b>	<b>-</b>	<b>-</b>	<b>-</b>
94				
95 <b><u>Consumer Accts &amp; Serv</u></b>				
96 Customer Accounts	3,118,535			2,869,679
97 Customer Service	410,732			377,956
98 Admin & General	1,176,004			1,082,160
99 Depreciation & Misc	201,776			185,674
100 Interest	188,117			173,106
101				
102 Total Costs for Consumer Acctg & Service	5,095,164			4,688,574
103				
104 Margins	186,532			171,647
105				
106 Revenue Credits	104,510			96,170
107				
108 <b>Revenue Require. Cons. Act &amp; Serv.</b>	<b>5,177,186</b>			<b>4,764,051</b>
109				
110				
111				
112 <b>TOTAL COSTS</b>	<b>73,627,929</b>	<b>14,317,018</b>	<b>23,639,924</b>	<b>11,558,424</b>
113				
114 <b>TOTAL REVENUE REQUIRE.</b>				
115 <b>MENTS FROM RATES</b>	<b>75,410,533</b>	<b>14,850,162</b>	<b>23,639,924</b>	<b>12,235,698</b>
116				
117 <b>MARGINS PROVIDED</b>				
118 <b>RATE REVENUE</b>	<b>1,782,604</b>	<b>533,144</b>	<b>-</b>	<b>677,273</b>
119				
120 <b>Total Costs for Rate Class</b>			<u>50,725,784</u>	
121 <b>Total Rev. Require. for Rate Class</b>	-		<u>49,515,367</u>	

Allocation of Revenue Requirements to Rate Classes

	Schedule A ETS			Schedule B Small Commercial		
	Demand	Energy	Consumer	Demand	Energy	Consumer
<b><u>Purchased Power</u></b>						
Generation Demand	-			1,350,831		
Generation Energy		331,459			1,991,197	
Transmission Demand	-			580,463		
Substation Demand	-			162,898		
<b>Total Purchased Power</b>	-	331,459	-	2,094,192	1,991,197	-
<b><u>Lines</u></b>						
Distribution O&M Demand R	-			442,315		
Distribution O&M Consumer			-			100,908
Admin & Gen Demand Relat	-			90,611		
Admin & Gen Consumer Rel			-			20,672
Deprec, Taxes & Misc Dema	-			221,513		
Deprec, Taxes & Misc Consi			-			50,535
Interest Demand Related	-			209,382		
Interest Customer Related			-			47,768
<b>Total Costs for Lines</b>	-	-	-	963,821	-	219,882
Margins Demand Related	-			207,618		
Margins Consumer Related			-			47,365
Credits Demand Related	-			116,324		
Credits Consumer Related			-			26,538
<b>Revenue Requirements-Li</b>	-	-	-	1,055,115	-	240,709
<b><u>Transformers</u></b>						
Distribution O&M Demand R	-			1,549		
Distribution O&M Consumer			-			397
Admin & Gen Demand Relat	-			27,328		
Admin & Gen Consumer Rel			-			7,005
Deprec, Taxes & Misc Dema	-			66,809		
Deprec, Taxes & Misc Consi			-			17,125
Interest Demand Related	-			63,150		
Interest Customer Related			-			16,187
<b>Total Costs for Transformers</b>	-	-	-	158,836	-	40,714

Allocation of Revenue Requirements to Rate Classes

	Schedule A			Schedule B		
	ETS			Small Commercial		
	<u>Demand</u>	<u>Energy</u>	<u>Consumer</u>	<u>Demand</u>	<u>Energy</u>	<u>Consumer</u>
Margins Demand Related	-			62,618		
Margins Consumer Related			-			16,051
Credits Demand Related	-			35,083		
Credits Consumer Related			-			8,993
<b>Revenue Requirements-Tr</b>	-	-	-	186,370	-	47,772
<b><u>Services</u></b>						
Distribution O&M Consumer			-			50,201
Admin & Gen Consumer Rel			-			10,284
Deprec, Taxes & Misc Const			-			25,141
Interest Customer Related			-			23,764
Total Costs for Services	-	-	-	-	-	109,390
Margins Consumer Related			-			23,564
Credits Consumer Related			-			13,202
<b>Revenue Requirements-Se</b>	-	-	-	-	-	119,752
<b><u>Meters</u></b>						
Distribution O&M Consumer			-			70,890
Admin & Gen Consumer Rel			-			3,112
Deprec, Taxes & Misc Const			-			7,607
Interest Customer Related			-			7,190
Total Costs for Services	-	-	-	-	-	88,799
Margins Consumer Related			-			7,130
Credits Consumer Related			-			3,995
<b>Revenue Requirements-Mr</b>	-	-	-	-	-	91,934
<b><u>Lighting</u></b>						
Outdoor Lighting O&M						
Street Lighting O&M						
Outdoor Lighting A&G						
Street Lighting A&G						
Outdoor Lighting Deprec & M						
Street Lighting Deprec & Mis						
Outdoor Lighting Interest						
Street Lighting Interest						

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Allocation of Revenue Requirements to Rate Classes

	Schedule A ETS			Schedule B Small Commercial		
	<u>Demand</u>	<u>Energy</u>	<u>Consumer</u>	<u>Demand</u>	<u>Energy</u>	<u>Consumer</u>
Total Costs for Lights	-	-	-	-	-	-
Outdoor Lighting Margins						
Street Lighting Margins						
Outdoor Lighting Revenue C						
Street Lighting Revenue Cre						
<b>Revenue Requirements-Li</b>	-	-	-	-	-	-
<b><u>Consumer Accts &amp; Serv</u></b>						
Customer Accounts			35,952			185,835
Customer Service			4,735			24,476
Admin & General			13,558			70,079
Depreciation & Misc			2,326			12,024
Interest			2,169			11,210
Total Costs for Consumer Ac	-	-	58,740	-	-	303,624
Margins	-	-	2,150			11,116
Revenue Credits	-	-	1,205			6,228
<b>Revenue Require. Cons. A</b>	-	-	59,686			308,511
<b>TOTAL COSTS</b>	-	331,459	58,740	3,216,848	1,991,197	762,408
<b>TOTAL REVENUE REQUIR MENTS FROM RATES</b>	-	331,459	59,686	3,335,677	1,991,197	808,678
<b>MARGINS PROVIDED RATE REVENUE</b>	-	-	946	118,828	-	46,269
<b>Total Costs for Rate Class</b>		<u>391,145</u>			<u>6,135,551</u>	
<b>Total Rev. Require. for Rat</b>		<u>390,199</u>			<u>5,970,453</u>	

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Exhibit R  
Schedule 3  
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Allocation of Revenue Requirements to Rate Classes

	Schedule B ETS			Schedule LP Large Power Rate		
	<u>Demand</u>	<u>Energy</u>	<u>Consumer</u>	<u>Demand</u>	<u>Energy</u>	<u>Consumer</u>
<b><u>Purchased Power</u></b>						
Generation Demand	-			1,310,831		
Generation Energy		385			4,784,242	
Transmission Demand	-			563,275		
Substation Demand	-			158,074		
<b>Total Purchased Power</b>	-	385	-	2,032,180	4,784,242	
<b><u>Lines</u></b>						
Distribution O&M Demand R	-			443,140		
Distribution O&M Consumer			-			6,932
Admin & Gen Demand Relat	-			90,780		
Admin & Gen Consumer Rel			-			1,420
Deprec, Taxes & Misc Dema	-			221,926		
Deprec, Taxes & Misc Consi			-			3,472
Interest Demand Related	-			209,773		
Interest Customer Related			-			3,281
Total Costs for Lines	-	-	-	965,619	-	15,105
Margins Demand Related	-			208,005		
Margins Consumer Related			-			3,254
Credits Demand Related	-	-	-	116,541	-	-
Credits Consumer Related	-	-	-	-	-	1,823
<b>Revenue Requirements-Li</b>	-	-	-	1,057,083	-	16,536
<b><u>Transformers</u></b>						
Distribution O&M Demand R	-			1,552		
Distribution O&M Consumer			-			102
Admin & Gen Demand Relat	-			27,379		
Admin & Gen Consumer Rel			-			1,800
Deprec, Taxes & Misc Dema	-			66,933		
Deprec, Taxes & Misc Consi			-			4,400
Interest Demand Related	-			63,268		
Interest Customer Related			-			4,159
Total Costs for Transformers	-	-	-	159,132	-	10,460

Allocation of Revenue Requirements to Rate Classes

	Schedule B			Schedule LP		
	ETS			Large Power Rate		
	<u>Demand</u>	<u>Energy</u>	<u>Consumer</u>	<u>Demand</u>	<u>Energy</u>	<u>Consumer</u>
Margins Demand Related	-			62,735		
Margins Consumer Related			-			4,124
Credits Demand Related	-			35,149		
Credits Consumer Related			-			2,310
<b>Revenue Requirements-Tr</b>	-	-	-	186,718	-	12,273
<b>Services</b>						
Distribution O&M Consumer			-			11,639
Admin & Gen Consumer Rel			-			2,384
Deprec, Taxes & Misc Consi			-			5,829
Interest Customer Related			-			5,510
Total Costs for Services	-	-	-	-	-	25,361
Margins Consumer Related			-			5,463
Credits Consumer Related			-			3,061
<b>Revenue Requirements-Se</b>	-	-	-	-	-	27,764
<b>Meters</b>						
Distribution O&M Consumer			-			31,080
Admin & Gen Consumer Rel			-			1,364
Deprec, Taxes & Misc Consi			-			3,335
Interest Customer Related			-			3,152
Total Costs for Services	-	-	-	-	-	38,932
Margins Consumer Related			-			3,126
Credits Consumer Related			-			1,751
<b>Revenue Requirements-Mi</b>	-	-	-	-	-	40,307
<b>Lighting</b>						
Outdoor Lighting O&M						-
Street Lighting O&M						
Outdoor Lighting A&G						
Street Lighting A&G						
Outdoor Lighting Deprec & M						
Street Lighting Deprec & Mis						
Outdoor Lighting Interest						
Street Lighting Interest						

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Allocation of Revenue Requirements to Rate Classes

	Schedule B ETS			Schedule LP Large Power Rate		
	<u>Demand</u>	<u>Energy</u>	<u>Consumer</u>	<u>Demand</u>	<u>Energy</u>	<u>Consumer</u>
Total Costs for Lights	-	-	-	-	-	
Outdoor Lighting Margins						
Street Lighting Margins						
Outdoor Lighting Revenue C						
Street Lighting Revenue Cre						
<b>Revenue Requirements-Li</b>	-	-	-	-	-	
<b><u>Consumer Accts &amp; Serv</u></b>						
Customer Accounts			42			17,262
Customer Service			5			2,273
Admin & General			16			6,509
Depreciation & Misc			3			1,117
Interest			3			1,041
Total Costs for Consumer Ac	-	-	68	-	-	28,203
Margins			2			1,032
Revenue Credits			1			578
<b>Revenue Require. Cons. A</b>	-	-	69	-	-	28,657
<b>TOTAL COSTS</b>	-	385	68	3,156,932	4,784,242	118,062
<b>TOTAL REVENUE REQUIR MENTS FROM RATES</b>	-	385	69	3,275,982	4,784,242	125,536
<b>MARGINS PROVIDED RATE REVENUE</b>	-	-	1	119,050	-	7,475
<b>Total Costs for Rate Class</b>		<u>454</u>			<u>8,185,760</u>	
<b>Total Rev. Require. for Rat</b>		<u>453</u>			<u>8,059,235</u>	

Allocation of Revenue Requirements to Rate Classes

	Schedule LP-1 Large Power Rate (500-4,999kW)			Schedule LP-2 Large Power Rate (5000-9,999kW)		
	Demand	Energy	Consumer	Demand	Energy	Consumer
		3,535,163				
<b>Purchased Power</b>						
Generation Demand	260,308			333,925		
Generation Energy		1,061,311			1,198,413	
Transmission Demand	111,856			143,490		
Substation Demand	31,930			36,294		
<b>Total Purchased Power</b>	<b>404,095</b>	<b>1,061,311</b>		<b>513,710</b>	<b>1,198,413</b>	
<b>Lines</b>						
Distribution O&M Demand R	78,251			97,611		
Distribution O&M Consumer			56			28
Admin & Gen Demand Relat	16,030			19,996		
Admin & Gen Consumer Rel			12			6
Deprec, Taxes & Misc Dema	39,189			48,884		
Deprec, Taxes & Misc Consi			28			14
Interest Demand Related	37,043			46,207		
Interest Customer Related			27			13
<b>Total Costs for Lines</b>	<b>170,513</b>		<b>123</b>	<b>212,698</b>		<b>61</b>
Margins Demand Related	36,730			45,818		
Margins Consumer Related			26			13
Credits Demand Related	20,579	-	-	25,671	-	-
Credits Consumer Related	-	-	15	-	-	7
<b>Revenue Requirements-Li</b>	<b>186,664</b>	<b>-</b>	<b>134</b>	<b>232,845</b>	<b>-</b>	<b>67</b>
<b>Transformers</b>						
Distribution O&M Demand R	274			342		
Distribution O&M Consumer			4			10
Admin & Gen Demand Relat	4,835			6,031		
Admin & Gen Consumer Rel			64			177
Deprec, Taxes & Misc Dema	11,819			14,743		
Deprec, Taxes & Misc Consi			156			434
Interest Demand Related	11,172			13,936		
Interest Customer Related			147			410
<b>Total Costs for Transformers</b>	<b>28,100</b>	<b>-</b>	<b>370</b>	<b>35,052</b>	<b>-</b>	<b>1,031</b>

**SOUTH KENTUCKY RECC  
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**Allocation of Revenue Requirements to Rate Classes**

	Schedule LP-1			Schedule LP-2		
	Large Power Rate (500-4,999kW)			Large Power Rate (5000-9,999kW)		
	<u>Demand</u>	<u>Energy</u>	<u>Consumer</u>	<u>Demand</u>	<u>Energy</u>	<u>Consumer</u>
Margins Demand Related	11,078			13,819		
Margins Consumer Related			146			406
Credits Demand Related	6,207			7,742		
Credits Consumer Related			82			228
<b>Revenue Requirements-Tr</b>	<b>32,971</b>	<b>-</b>	<b>434</b>	<b>41,129</b>	<b>-</b>	<b>1,210</b>
<b><u>Services</u></b>						
Distribution O&M Consumer			-			-
Admin & Gen Consumer Rel			-			-
Deprec, Taxes & Misc Const			-			-
Interest Customer Related			-			-
Total Costs for Services			-			-
Margins Consumer Related			-			-
Credits Consumer Related			-			-
<b>Revenue Requirements-Se</b>			-			-
<b><u>Meters</u></b>						
Distribution O&M Consumer			-			-
Admin & Gen Consumer Rel			-			-
Deprec, Taxes & Misc Const			-			-
Interest Customer Related			-			-
Total Costs for Services			-			-
Margins Consumer Related			-			-
Credits Consumer Related			-			-
<b>Revenue Requirements-Mi</b>			-			-
<b><u>Lighting</u></b>						
Outdoor Lighting O&M						
Street Lighting O&M						
Outdoor Lighting A&G						
Street Lighting A&G						
Outdoor Lighting Deprec & M						
Street Lighting Deprec & Mis						
Outdoor Lighting Interest						
Street Lighting Interest						

Allocation of Revenue Requirements to Rate Classes

	Schedule LP-1			Schedule LP-2		
	Large Power Rate (500-4,999kW)			Large Power Rate (5000-9,999kW)		
	<u>Demand</u>	<u>Energy</u>	<u>Consumer</u>	<u>Demand</u>	<u>Energy</u>	<u>Consumer</u>
Total Costs for Lights						
Outdoor Lighting Margins						
Street Lighting Margins						
Outdoor Lighting Revenue Credits						
Street Lighting Revenue Credits						
<b>Revenue Requirements-Listed</b>	<hr/>					
<b><u>Consumer Accts &amp; Serv</u></b>						
Customer Accounts			187			93
Customer Service			25			12
Admin & General			70			35
Depreciation & Misc			12			6
Interest			11			6
Total Costs for Consumer Accounts			305			153
Margins			11			6
Revenue Credits			6			3
<b>Revenue Requirements-Consumers</b>			310			155
	<hr/>					
<b>TOTAL COSTS</b>	602,708	1,061,311	798	761,460	1,198,413	1,245
	<hr/>					
<b>TOTAL REVENUE REQUIREMENTS FROM RATES</b>	623,730	1,061,311	879	787,684	1,198,413	1,432
	<hr/>					
<b>MARGINS PROVIDED RATE REVENUE</b>	21,022	-	81	26,223	-	187
	<hr/>					
Total Costs for Rate Class		1,685,920			1,987,528	
Total Rev. Requirement for Rate Class		1,664,817			1,961,118	

Allocation of Revenue Requirements to Rate Classes

	Schedule LP-3 Large Power Rate (500-4,999kW)			Special Contract Casey County Stone		
	Demand	Energy	Consumer	Demand	Energy	Consumer
<b><u>Purchased Power</u></b>						
Generation Demand	295,882			1,559		
Generation Energy		1,275,439			9,636	
Transmission Demand	127,143			670		
Substation Demand	40,961			188		
<b>Total Purchased Power</b>	<b>463,986</b>	<b>1,275,439</b>	<b>-</b>	<b>2,417</b>	<b>9,636</b>	<b>-</b>
<b><u>Lines</u></b>						
Distribution O&M Demand R	112,320			2,673		
Distribution O&M Consumer			141			28
Admin & Gen Demand Relat	23,010			548		
Admin & Gen Consumer Rel			29			6
Deprec, Taxes & Misc Dema	56,250			1,339		
Deprec, Taxes & Misc Consi			71			14
Interest Demand Related	53,170			1,265		
Interest Customer Related			67			13
<b>Total Costs for Lines</b>	<b>244,751</b>		<b>307</b>	<b>5,824</b>		<b>61</b>
Margins Demand Related	52,722			1,255		
Margins Consumer Related			66			13
Credits Demand Related	29,539	-	-	703	-	-
Credits Consumer Related	-	-	37	-	-	7
<b>Revenue Requirements-Li</b>	<b>267,933</b>	<b>-</b>	<b>336</b>	<b>6,376</b>		<b>67</b>
<b><u>Transformers</u></b>						
Distribution O&M Demand R	393			9		
Distribution O&M Consumer			9			4
Admin & Gen Demand Relat	6,940			165		
Admin & Gen Consumer Rel			159			64
Deprec, Taxes & Misc Dema	16,965			404		
Deprec, Taxes & Misc Consi			389			156
Interest Demand Related	16,036			382		
Interest Customer Related			368			147
<b>Total Costs for Transformers</b>	<b>40,334</b>	<b>-</b>	<b>925</b>	<b>960</b>		<b>370</b>

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Allocation of Revenue Requirements to Rate Classes

	Schedule LP-3 Large Power Rate (500-4,999kW)			Special Contract Casey County Stone		
	<u>Demand</u>	<u>Energy</u>	<u>Consumer</u>	<u>Demand</u>	<u>Energy</u>	<u>Consumer</u>
Margins Demand Related	15,901			378		
Margins Consumer Related			365			146
Credits Demand Related	8,909			212		
Credits Consumer Related			204			82
<b>Revenue Requirements-Tr</b>	<b>47,326</b>	<b>-</b>	<b>1,086</b>	<b>1,126</b>		<b>434</b>
<b><u>Services</u></b>						
Distribution O&M Consumer			237			47
Admin & Gen Consumer Rel			48			10
Deprec, Taxes & Misc Const			118			24
Interest Customer Related			112			22
Total Costs for Services			515			103
Margins Consumer Related			111			22
Credits Consumer Related			62			12
<b>Revenue Requirements-Se</b>			<b>564</b>			<b>113</b>
<b><u>Meters</u></b>						
Distribution O&M Consumer			-			126
Admin & Gen Consumer Rel			-			6
Deprec, Taxes & Misc Const			-			14
Interest Customer Related			-			13
Total Costs for Services			-			158
Margins Consumer Related			-			13
Credits Consumer Related			-			7
<b>Revenue Requirements-Mi</b>			<b>-</b>			<b>164</b>
<b><u>Lighting</u></b>						
Outdoor Lighting O&M						
Street Lighting O&M						
Outdoor Lighting A&G						
Street Lighting A&G						
Outdoor Lighting Deprec & M						
Street Lighting Deprec & Mis						
Outdoor Lighting Interest						
Street Lighting Interest						

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Allocation of Revenue Requirements to Rate Classes

	Schedule LP-3			Special Contract		
	Large Power Rate (500-4,999kW)			Casey County Stone		
	<u>Demand</u>	<u>Energy</u>	<u>Consumer</u>	<u>Demand</u>	<u>Energy</u>	<u>Consumer</u>
Total Costs for Lights						
Outdoor Lighting Margins						
Street Lighting Margins						
Outdoor Lighting Revenue C						
Street Lighting Revenue Cre						
<hr/>						
<b>Revenue Requirements-Li</b>	<hr/>					
<b><u>Consumer Accts &amp; Serv</u></b>						
Customer Accounts			467			70
Customer Service			61			9
Admin & General			176			26
Depreciation & Misc			30			5
Interest			28			4
			<hr/>			<hr/>
Total Costs for Consumer Ac			763			115
Margins			28			4
Revenue Credits			16			2
			<hr/>			<hr/>
<b>Revenue Require. Cons. A</b>			775			116
			<hr/>			<hr/>
<b>TOTAL COSTS</b>	749,071	1,275,439	2,511	9,202	9,636	808
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL REVENUE REQUIR MENTS FROM RATES</b>	779,246	1,275,439	2,761	9,920	9,636	895
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>MARGINS PROVIDED RATE REVENUE</b>	30,175	-	251	718	-	87
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total Costs for Rate Class</b>		<u>2,057,447</u>			<u>20,450</u>	
<b>Total Rev. Require. for Rat</b>		<u>2,027,021</u>			<u>19,645</u>	

Allocation of Revenue Requirements to Rate Classes

	Schedule OPS Optional Power Service			Schedule AES All Electric Schools		
	Demand	Energy	Consumer	Demand	Energy	Consumer
<b>Purchased Power</b>						
Generation Demand	270,376			57,121		
Generation Energy		560,530			280,080	
Transmission Demand	116,183			24,545		
Substation Demand	32,605			6,888		
<b>Total Purchased Power</b>	<b>419,163</b>	<b>560,530</b>	<b>-</b>	<b>88,554</b>	<b>280,080</b>	<b>-</b>
<b>Lines</b>						
Distribution O&M Demand R	105,719			30,900		
Distribution O&M Consumer			4,227			282
Admin & Gen Demand Relat	21,657			6,330		
Admin & Gen Consumer Rel			866			58
Deprec, Taxes & Misc Dema	52,944			15,475		
Deprec, Taxes & Misc Consi			2,117			141
Interest Demand Related	50,045			14,627		
Interest Customer Related			2,001			133
<b>Total Costs for Lines</b>	<b>230,365</b>		<b>9,210</b>	<b>67,333</b>		<b>614</b>
Margins Demand Related	49,623			14,504		-
Margins Consumer Related			1,984			132
Credits Demand Related	27,803	-	-	8,126	-	-
Credits Consumer Related	-	-	1,112	-	-	74
<b>Revenue Requirements-Li</b>	<b>252,185</b>		<b>10,083</b>	<b>73,710</b>		<b>672</b>
<b>Transformers</b>						
Distribution O&M Demand R	370			108		
Distribution O&M Consumer			62			11
Admin & Gen Demand Relat	6,532			1,909		
Admin & Gen Consumer Rel			1,097			202
Deprec, Taxes & Misc Dema	15,968			4,667		
Deprec, Taxes & Misc Consi			2,683			495
Interest Demand Related	15,094			4,412		
Interest Customer Related			2,536			468
<b>Total Costs for Transformers</b>	<b>37,964</b>		<b>6,378</b>	<b>11,096</b>		<b>1,176</b>

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**Allocation of Revenue Requirements to Rate Classes**

	Schedule OPS Optional Power Service			Schedule AES All Electric Schools		
	<u>Demand</u>	<u>Energy</u>	<u>Consumer</u>	<u>Demand</u>	<u>Energy</u>	<u>Consumer</u>
Margins Demand Related	14,966			4,374		
Margins Consumer Related			2,514			464
Credits Demand Related	8,385			2,451		
Credits Consumer Related			1,409			260
<b>Revenue Requirements-Tr</b>	<b>44,545</b>		<b>7,484</b>	<b>13,020</b>		<b>1,380</b>
<b><u>Services</u></b>						
Distribution O&M Consumer			7,097			473
Admin & Gen Consumer Rel			1,454			97
Deprec, Taxes & Misc Const			3,554			237
Interest Customer Related			3,359			224
Total Costs for Services			15,464			1,031
Margins Consumer Related			3,331			222
Credits Consumer Related			1,866			124
<b>Revenue Requirements-Se</b>			<b>16,929</b>			<b>1,129</b>
<b><u>Meters</u></b>						
Distribution O&M Consumer			18,952			1,263
Admin & Gen Consumer Rel			832			55
Deprec, Taxes & Misc Const			2,034			136
Interest Customer Related			1,922			128
Total Costs for Services			23,739			1,583
Margins Consumer Related			1,906			127
Credits Consumer Related			1,068			71
<b>Revenue Requirements-Mi</b>			<b>24,577</b>			<b>1,638</b>
<b><u>Lighting</u></b>						
Outdoor Lighting O&M						
Street Lighting O&M						
Outdoor Lighting A&G						
Street Lighting A&G						
Outdoor Lighting Deprec & M						
Street Lighting Deprec & Mis						
Outdoor Lighting Interest						
Street Lighting Interest						

Allocation of Revenue Requirements to Rate Classes

	Schedule OPS Optional Power Service			Schedule AES All Electric Schools		
	<u>Demand</u>	<u>Energy</u>	<u>Consumer</u>	<u>Demand</u>	<u>Energy</u>	<u>Consumer</u>
Total Costs for Lights						
Outdoor Lighting Margins						
Street Lighting Margins						
Outdoor Lighting Revenue C						
Street Lighting Revenue Cre						
<hr/>						
<b>Revenue Requirements-Li</b>	<hr/>					
<b><u>Consumer Accts &amp; Serv</u></b>						
Customer Accounts			7,784			519
Customer Service			1,025			68
Admin & General			2,935			196
Depreciation & Misc			504			34
Interest			470			31
<hr/>						
Total Costs for Consumer Ac			12,718			848
Margins			466			31
Revenue Credits			261			17
<hr/>						
<b>Revenue Require. Cons. A</b>			12,923			862
<hr/>						
<b>TOTAL COSTS</b>	687,492	560,530	67,510	166,983	280,080	5,252
<hr/>						
<b>TOTAL REVENUE REQUIR MENTS FROM RATES</b>	715,893	560,530	71,996	175,284	280,080	5,681
<hr/>						
<b>MARGINS PROVIDED RATE REVENUE</b>	28,401	-	4,486	8,301	-	429
<hr/>						
<b>Total Costs for Rate Class</b>		1,348,419			461,045	
<b>Total Rev. Require. for Rat</b>		1,315,531			452,315	

Allocation of Revenue Requirements to Rate Classes

	Schedule OL Outdoor Lighting Service			Schedule STL Street Lighting		
	Demand	Energy	Consumer	Demand	Energy	Consumer
<b><u>Purchased Power</u></b>						
Generation Demand	83,158			3,118		
Generation Energy		613,046			23,333	
Transmission Demand	35,734	-		1,340		
Substation Demand	10,028			376		
<b>Total Purchased Power</b>	<b>128,920</b>	<b>613,046</b>	<b>-</b>	<b>4,834</b>	<b>23,333</b>	<b>-</b>
<b><u>Lines</u></b>						
Distribution O&M Demand R	56,152			2,103		
Distribution O&M Consumer			-			564
Admin & Gen Demand Relat	11,503			431		
Admin & Gen Consumer Rel			-			115
Deprec, Taxes & Misc Dema	28,121			1,053		
Deprec, Taxes & Misc Consi			-			282
Interest Demand Related	26,581			995		
Interest Customer Related			-			267
<b>Total Costs for Lines</b>	<b>122,357</b>	<b>-</b>	<b>-</b>	<b>4,582</b>	<b>-</b>	<b>1,228</b>
Margins Demand Related	26,357			987		
Margins Consumer Related			-			265
Credits Demand Related	14,767			553		
Credits Consumer Related	-		-	-		148
<b>Revenue Requirements-Li</b>	<b>133,946</b>	<b>-</b>	<b>-</b>	<b>5,016</b>		<b>1,344</b>
<b><u>Transformers</u></b>						
Distribution O&M Demand R	197			7		
Distribution O&M Consumer			-			8
Admin & Gen Demand Relat	3,469			130		
Admin & Gen Consumer Rel			-			138
Deprec, Taxes & Misc Dema	8,481			318		
Deprec, Taxes & Misc Consi			-			338
Interest Demand Related	8,017			300		
Interest Customer Related			-			320
<b>Total Costs for Transformers</b>	<b>20,164</b>	<b>-</b>	<b>-</b>	<b>755</b>	<b>-</b>	<b>804</b>

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Allocation of Revenue Requirements to Rate Classes

	Schedule OL Outdoor Lighting Service			Schedule STL Street Lighting		
	<u>Demand</u>	<u>Energy</u>	<u>Consumer</u>	<u>Demand</u>	<u>Energy</u>	<u>Consumer</u>
Margins Demand Related	7,949			298		
Margins Consumer Related			-			317
Credits Demand Related	4,454			167		
Credits Consumer Related			-			178
<b>Revenue Requirements-Tr</b>	<b>23,660</b>		<b>-</b>	<b>886</b>		<b>943</b>
<b><u>Services</u></b>						
Distribution O&M Consumer			-			-
Admin & Gen Consumer Rel			-			-
Deprec, Taxes & Misc Const			-			-
Interest Customer Related			-			-
Total Costs for Services			-			-
Margins Consumer Related			-			-
Credits Consumer Related			-			-
<b>Revenue Requirements-Se</b>			<b>-</b>			<b>-</b>
<b><u>Meters</u></b>						
Distribution O&M Consumer			-			-
Admin & Gen Consumer Rel			-			-
Deprec, Taxes & Misc Const			-			-
Interest Customer Related			-			-
Total Costs for Services			-			-
Margins Consumer Related			-			-
Credits Consumer Related			-			-
<b>Revenue Requirements-Mi</b>			<b>-</b>			<b>-</b>
<b><u>Lighting</u></b>						
Outdoor Lighting O&M			489,290			
Street Lighting O&M						10,188
Outdoor Lighting A&G			134,600			
Street Lighting A&G						5,850
Outdoor Lighting Deprec & M			329,049			
Street Lighting Deprec & Mis						14,300
Outdoor Lighting Interest			311,030			
Street Lighting Interest						13,517

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**Allocation of Revenue Requirements to Rate Classes**

	Schedule OL Outdoor Lighting Service			Schedule STL Street Lighting		
	<u>Demand</u>	<u>Energy</u>	<u>Consumer</u>	<u>Demand</u>	<u>Energy</u>	<u>Consumer</u>
Total Costs for Lights			1,263,969			43,855
Outdoor Lighting Margins			308,409			
Street Lighting Margins						13,403
Outdoor Lighting Revenue C			172,795			
Street Lighting Revenue Cre						7,509
<b>Revenue Requirements-Li</b>			<b>1,399,583</b>			<b>49,749</b>
<b><u>Consumer Accts &amp; Serv</u></b>						
Customer Accounts			-			516
Customer Service			-			68
Admin & General			-			195
Depreciation & Misc			-			33
Interest			-			31
Total Costs for Consumer Ac			-			843
Margins			-			31
Revenue Credits			-			17
<b>Revenue Require. Cons. A</b>			<b>-</b>			<b>857</b>
<b>TOTAL COSTS</b>	271,441	613,046	1,263,969	10,171	23,333	46,730
<b>TOTAL REVENUE REQUIR MENTS FROM RATES</b>	286,526	613,046	1,399,583	10,736	23,333	52,893
<b>MARGINS PROVIDED RATE REVENUE</b>	15,085	-	135,614	565	-	6,163
<b>Total Costs for Rate Class</b>		<u>2,299,155</u>			<u>86,962</u>	
<b>Total Rev. Require. for Rat</b>		<u>2,148,456</u>			<u>80,235</u>	

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**Allocation of Revenue Requirements to Rate Classes**

	Schedule DTSL		
	Decorative Street Lighting		
	<u>Demand</u>	<u>Energy</u>	<u>Consumer</u>
<b><u>Purchased Power</u></b>			
Generation Demand	1,197		
Generation Energy		6,938	
Transmission Demand	514		
Substation Demand	144		
<b>Total Purchased Power</b>	<b>1,856</b>	<b>6,938</b>	<b>-</b>
<b><u>Lines</u></b>			
Distribution O&M Demand R	819		
Distribution O&M Consumer			141
Admin & Gen Demand Relat	168		
Admin & Gen Consumer Rel			29
Deprec, Taxes & Misc Dema	410		
Deprec, Taxes & Misc Const			71
Interest Demand Related	387		
Interest Customer Related			67
<b>Total Costs for Lines</b>	<b>1,784</b>		<b>307</b>
Margins Demand Related	384		
Margins Consumer Related			66
Credits Demand Related	215	-	-
Credits Consumer Related	-	-	37
<b>Revenue Requirements-Li</b>	<b>1,953</b>		
<b><u>Transformers</u></b>			
Distribution O&M Demand R	3		
Distribution O&M Consumer			1
Admin & Gen Demand Relat	51		
Admin & Gen Consumer Rel			26
Deprec, Taxes & Misc Dema	124		
Deprec, Taxes & Misc Const			63
Interest Demand Related	117		
Interest Customer Related			60
<b>Total Costs for Transformers</b>	<b>294</b>		<b>150</b>

**Allocation of Revenue Requirements to Rate Classes**

	Schedule DTSL		
	Decorative Street Lighting		
	<u>Demand</u>	<u>Energy</u>	<u>Consumer</u>
Margins Demand Related	116		
Margins Consumer Related			59
Credits Demand Related	65		
Credits Consumer Related			33
<b>Revenue Requirements-Tr</b>	<b>345</b>		<b>176</b>
<b><u>Services</u></b>			
Distribution O&M Consumer			-
Admin & Gen Consumer Rel			-
Deprec, Taxes & Misc Const			-
Interest Customer Related			-
Total Costs for Services			-
Margins Consumer Related			-
Credits Consumer Related			-
<b>Revenue Requirements-Se</b>			<b>-</b>
<b><u>Meters</u></b>			
Distribution O&M Consumer			-
Admin & Gen Consumer Rel			-
Deprec, Taxes & Misc Const			-
Interest Customer Related			-
Total Costs for Services			-
Margins Consumer Related			-
Credits Consumer Related			-
<b>Revenue Requirements-Mi</b>			<b>-</b>
<b><u>Lighting</u></b>			
Outdoor Lighting O&M			-
Street Lighting O&M		2,682	
Outdoor Lighting A&G			-
Street Lighting A&G		1,540	
Outdoor Lighting Deprec & M			-
Street Lighting Deprec & Mis		3,764	
Outdoor Lighting Interest			-
Street Lighting Interest			3,558

Allocation of Revenue Requirements to Rate Classes

	Schedule DTSL Decorative Street Lighting		
	<u>Demand</u>	<u>Energy</u>	<u>Consumer</u>
Total Costs for Lights			11,544
Outdoor Lighting Margins			
Street Lighting Margins			3,528
Outdoor Lighting Revenue C			
Street Lighting Revenue Cre			1,977
<b>Revenue Requirements-Li</b>			<b>13,095</b>
<b><u>Consumer Accts &amp; Serv</u></b>			
Customer Accounts			129
Customer Service			17
Admin & General			49
Depreciation & Misc			8
Interest			8
Total Costs for Consumer Ac			211
Margins			8
Revenue Credits			4
<b>Revenue Require. Cons. A</b>			<b>214</b>
<b>TOTAL COSTS</b>	<u>3,933</u>	<u>6,938</u>	<u>12,212</u>
<b>TOTAL REVENUE REQUIR MENTS FROM RATES</b>	<u>4,153</u>	<u>6,938</u>	<u>13,485</u>
<b>MARGINS PROVIDED RATE REVENUE</b>	<u>220</u>	<u>-</u>	<u>1,274</u>
Total Costs for Rate Class		<u>24,577</u>	
Total Rev. Require. for Rat		<u>23,083</u>	

**SOUTH KENTUCKY RECC**

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**Functionalization and Classification of Revenue Requirements**

Acct No.	Description	Allocation Basis	Actual \$\$\$\$	Adjusted \$\$\$\$	Pro Forma \$\$\$\$
555	Purchased Power				
	Demand Charges	OATT	15,433,930	0	15,433,930
	Energy Charges	DA	39,873,044	(4,097,111)	35,775,933
	<b>Total Purchased Power</b>		<b>55,306,974</b>	<b>(4,097,111)</b>	<b>51,209,863</b>
580	Operations Supv & Eng	Dist Oper	96,783	3,959	100,742
582	Station Expense	DA/MinSys	10,334	423	10,757
583	Overhead Line Exp.	DA/Min Syst	1,120,423	45,829	1,166,251
584	Underground Line Exp	DA/MinSys	64,008	2,618	66,626
586	Meter Expense	DA	917,975	37,548	955,523
587	Consumer Installations	DA	373,240	15,267	388,506
588	Misc. Distribution Exp	Dist Oper	548,115	22,419	570,534
589	Rents		-	-	-
	<b>Total Operations</b>		<b>3,130,878</b>	<b>128,062</b>	<b>3,258,940</b>
590	Maint Supv & Eng	Dist Maint,	95,307	1,710	97,017
592	Maint of Station Equip	DA/Min Syst	34,105	612	34,717
593	Maint. Overhead Lines	DA/Min Syst	3,783,340	67,886	3,851,226
594	Maint of Underground Lines	DA/Min Syst	10,305	185	10,490
595	Maint Line Transformers	DA	14,574	262	14,836
596	Maint of St Lg & Signal Sys	DA	11,439	205	11,644
597	Maintenance of Meters	DA	12,086	217	12,303
598	Maint Misc Distrib Plant	Dist Maint,	311,748	5,594	317,342
	<b>Total Distribut Maintenance</b>		<b>4,272,903</b>	<b>76,670</b>	<b>4,349,573</b>
901	Supervision	DA	23,564	497	24,061
902	Meter Reading Expense	DA	473,576	9992	483,568
903	Cons Recds & Collections	DA	2,359,145	49775	2,408,919
904	Uncollectible Accounts	DA	197,814	4174	201,987
	<b>Total Consumer Accounts</b>		<b>3,054,098</b>	<b>64,437</b>	<b>3,118,535</b>

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Functionalization and Classification of Revenue Requirements

Acct No.	Description	Allocation Basis	Actual \$\$\$\$	Adjusted \$\$\$\$	Pro Forma \$\$\$\$
907-910	Customer Sales & Intro		372,386	22,104	394,490
911	Supervision	DA	-	-	-
912	Demonstration & Selling	DA	15,669	573	16,242
913	Advertising	DA	-	-	-
<b>Total Customer Service</b>			<b>388,055</b>	<b>22,677</b>	<b>410,732</b>
<b>Total of Above</b>			<b>66,152,908</b>	<b>(3,805,265)</b>	<b>62,347,643</b>
920	Administrative Salaries		614,591	14,257	628,848
921	Office Supplies		378,170	-	378,170
923	Outside Services		281,671	(4,066)	277,605
924	Property Ins		-	-	-
925	Injuries & Damages		250,993	-	250,993
926	Employ Pensions & Benef		-	-	-
928	Regulatory Exp		-	-	-
929	Duplicate Charges		(11,205)	-	(11,205)
930	Misc General Exp		1,081,958	(235,065)	846,893
931	Rents		-	-	-
935	Misc. General Plant		441,013	3,249	3,249
<b>Total Admin &amp; General</b>			<b>3,037,191</b>	<b>(173,321)</b>	<b>2,863,870</b>
403	Deprec. Distribution Plant	Net Plant	3,646,560	116,653	3,763,213
403	Deprec. General Plant	Net Plant	328,806	157,785	486,591
<b>Total Depreciation</b>			<b>3,975,366</b>	<b>274,438</b>	<b>4,249,804</b>
408	Taxes Other Than Income Tax	Rate Base	78,215	-	78,215
426	Miscell. Income Deductions	Rate Base	43,539	(43,539)	-
<b>Total Miscellaneous</b>			<b>121,754</b>	<b>(43,539)</b>	<b>78,215</b>
427.1	Interest - RUS Constuc	Rate Base	3,197,136	116,046	3,313,182
427.15	Interest - FFB Notes	Rate Base	-	-	-
427.2	Interest - Other LTD	Rate Base	647,240	93,521	740,761
<b>Total Interest on LTD</b>			<b>3,844,375</b>	<b>209,567</b>	<b>4,053,942</b>

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**Functionalization and Classification of Revenue Requirements**

Acct No. 555	Description	Allocation Basis	Actual \$\$\$\$	Adjusted \$\$\$\$	Pro Forma \$\$\$\$
431	Other Interest Expense	Rate Base	37,416	-2962	34,454
431.1	Other Interest - STL	Rate Base	-		-
	<b>Total Short Term Interest</b>	Rate Base	<u>37,416</u>	<u>(2,962)</u>	<u>34,454</u>
	<b>Total Costs</b>		77,169,011	(3,541,082)	73,627,929
	<b>Margin Requirements</b>	Rate Base	<u>3,844,375</u>	<u>209,567</u>	<u>4,053,942</u>
	<b>Total Revenue Requirements</b>		<u>81,013,386</u>	<u>(3,331,515)</u>	<u>77,681,871</u>
	<b>Less; Misc Income</b>				
	CATV & Non-Recurring Chrgs			0	-
450	Forfeited Discounts	Rate Base	630,130	262,510	892,640
451	Misc Service Revenue	Rate Base	145,113		145,113
454	Rent from Electric Prop.	Rate Base	909,197		909,197
456.1	Other Electric Property	Rate Base	11,804		11,804
	<b>Total Misc Income</b>		1,696,244	262,510	1,958,754
	<b>Less: Other Income</b>				
419	Interest Income	Rate Base	247,061		247,061
415-418,421	Nonoperating Margins Other	Rate Base	-40,782	1443	(39,339)
424	Other Capital Credits	Rate Base	104,862		104,862
	<b>Total Other Income</b>		<u>311,141</u>	<u>1,443</u>	<u>312,584</u>
	<b>Revenue Requirements from Rates</b>		<u>79,006,001</u>	<u>(3,595,468)</u>	<u>75,410,533</u>

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**Functionalization and Classification of Revenue Requirements**

Acct No.	Description	Allocation Basis	Power Supply			
			Generation Demand	Energy	Transmission Demand	Substation Demand
555	Purchased Power					
	Demand Charges	OATT	9,954,262		4,277,429	1,202,239
	Energy Charges	DA		35,775,933		
<b>Total Purchased Power</b>			<b>9,954,262</b>	<b>35,775,933</b>	<b>4,277,429</b>	<b>1,202,239</b>
580	Operations Supv & Eng	Dist Oper				
582	Station Expense	DA/MinSys				
583	Overhead Line Exp.	DA/Min Syst				
584	Underground Line Exp	DA/MinSys				
586	Meter Expense	DA				
587	Consumer Installations	DA				
588	Misc. Distribution Exp	Dist Oper				
589	Rents					
<b>Total Operations</b>						
590	Maint Supv & Eng	Dist Maint,				
592	Maint of Station Equip	DA/Min Syst				
593	Maint. Overhead Lines	DA/Min Syst				
594	Maint of Underground Lines	DA/Min Syst				
595	Maint Line Transformers	DA				
596	Maint of St Lg & Signal Sys	DA				
597	Maintenance of Meters	DA				
598	Maint Misc Distrib Plant	Dist Maint,				
<b>Total Distribut Maintenance</b>						
901	Supervision	DA				
902	Meter Reading Expense	DA				
903	Cons Recds & Collections	DA				
904	Uncollectible Accounts	DA				
<b>Total Consumer Accounts</b>						

**SOUTH KENTUCKY RECC**

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**Functionalization and Classification of Revenue Requirements**

Acct No.	Description	Allocation Basis	Power Supply			
			Generation Demand	Energy	Trans-mission Demand	Substa-tion Demand
907-910	Customer Sales & Into					
911	Supervision	DA				
912	Demonstration & Selling	DA				
913	Advertising	DA				
<b>Total Customer Service</b>			-	-	-	-
<b>Total of Above</b>			9,954,262	35,775,933	4,277,429	1,202,239
920	Administrative Salaries					
921	Office Supplies					
923	Outside Services					
924	Property Ins					
925	Injuries & Damages					
926	Employ Pensions & Benef					
928	Regulatory Exp					
929	Duplicate Charges					
930	Misc General Exp					
931	Rents					
935	Misc. General Plant					
<b>Total Admin &amp; General</b>						
		Dist Plant				
403	Deprec. Distribution Plant	Net Plant				
403	Deprec. General Plant	Net Plant				
<b>Total Depreciation</b>			-	-	-	-
408	Taxes Other Than Income Tax	Rate Base				
426	Miscell. Income Deductions	Rate Base				
<b>Total Miscellaneous</b>			-	-	-	-
427.1	Interest - RUS Constuc	Rate Base				
427.15	Interest - FFB Notes	Rate Base				
427.2	Interest - Other LTD	Rate Base				
<b>Total Interest on LTD</b>			-	-	-	-

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**Functionalization and Classification of Revenue Requirements**

Acct No.	Description	Allocation Basis	Power Supply			
			Generation Demand	Energy	Trans-mission Demand	Substa-tion Demand
555						
431	Other Interest Expense	Rate Base				
431.1	Other Interest - STL	Rate Base				
	<b>Total Short Term Interest</b>	Rate Base	-	-	-	-
	<b>Total Costs</b>		9,954,262	35,775,933	4,277,429	1,202,239
	<b>Margin Requirements</b>	Rate Base				
	<b>Total Revenue Requirements</b>		9,954,262	35,775,933	4,277,429	1,202,239
	<b>Less; Misc Income</b>					
	CATV & Non-Recurring Chrgs					
450	Forfeited Discounts	Rate Base				
451	Misc Service Revenue	Rate Base				
454	Rent from Electric Prop.	Rate Base				
456.1	Other Electric Property	Rate Base				
	<b>Total Misc Income</b>		-	-	-	-
	Less: Other Income					
419	Interest Income	Rate Base				
415-418,421	Nonoperating Margins Other	Rate Base				
424	Other Capital Credits	Rate Base				
	<b>Total Other Income</b>		-	-	-	-
	<b>Revenue Requirements from Rates</b>		9,954,262	35,775,933	4,277,429	1,202,239

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**Functionalization and Classification of Revenue Requirements**

Acct No.	Description	Allocation Basis	Distribution			
			Lines Demand	Lines Customer	Line Transformers Demand	Line Transformers Consumer
555	Purchased Power	OATT				
	Demand Charges	DA				
	Energy Charges	DA				
<b>Total Purchased Power</b>						
580	Operations Supv & Eng	Dist Oper	27,671	13,780	-	-
582	Station Expense	DA/MinSys	6,148	3,061		
583	Overhead Line Exp.	DA/Min Syst	666,539	331,932		
584	Underground Line Exp	DA/MinSys	38,078	18,963		
586	Meter Expense	DA				
587	Consumer Installations	DA				
588	Misc. Distribution Exp	Dist Oper	156,711	78,041	-	-
589	Rents		-	-		
<b>Total Operations</b>			<b>895,147</b>	<b>445,778</b>	<b>-</b>	<b>-</b>
590	Maint Supv & Eng	Dist Maint,	54,901	27,340	262	104
592	Maint of Station Equip	DA/Min Syst	19,841	9,881		
593	Maint. Overhead Lines	DA/Min Syst	2,201,061	1,096,116		
594	Maint of Underground Lines	DA/Min Syst	5,995	2,986		
595	Maint Line Transformers	DA			10,633	4,202
596	Maint of St Lg & Signal Sys	DA				
597	Maintenance of Meters	DA				
598	Maint Misc Distrib Plant	Dist Maint,	179,580	89,430	857	339
<b>Total Distribut Maintenance</b>			<b>2,461,379</b>	<b>1,225,752</b>	<b>11,753</b>	<b>4,645</b>
901	Supervision	DA	-	-	-	-
902	Meter Reading Expense	DA				
903	Cons Recds & Collections	DA				
904	Uncollectible Accounts	DA				
<b>Total Consumer Accounts</b>			<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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**Functionalization and Classification of Revenue Requirements**

Acct No.	Description	Allocation Basis	Distribution			
			Lines Demand	Customer	Line Transformers Demand	Consumer
907-910	Customer Sales & Into					
911	Supervision	DA				
912	Demonstration & Selling	DA				
913	Advertising	DA				
<b>Total Customer Service</b>			-	-	-	-
<b>Total of Above</b>			3,356,526	1,671,530	11,753	4,645
920	Administrative Salaries					
921	Office Supplies					
923	Outside Services					
924	Property Ins					
925	Injuries & Damages					
926	Employ Pensions & Benef					
928	Regulatory Exp					
929	Duplicate Charges					
930	Misc General Exp					
931	Rents					
935	Misc. General Plant					
<b>Total Admin &amp; General</b>			687,607	342,424	207,383	81,960
403	Deprec. Distribution Plant	Net Plant	1,461,577	727,857	440,814	174,214
403	Deprec. General Plant	Net Plant	188,985	94,113	56,998	22,526
<b>Total Depreciation</b>			1,650,562	821,970	497,812	196,740
408	Taxes Other Than Income Tax	Rate Base	-	-	-	-
426	Miscell. Income Deductions	Rate Base	30,397	15,138	9,168	3,623
<b>Total Miscellaneous</b>			30,397	15,138	9,168	3,623
427.1	Interest - RUS Constuc	Rate Base	1,287,628	641,231	388,350	153,480
427.15	Interest - FFB Notes	Rate Base	-	-	-	-
427.2	Interest - Other LTD	Rate Base	287,888	143,366	86,827	34,315
<b>Total Interest on LTD</b>			1,575,515	784,597	475,178	187,795

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**Functionalization and Classification of Revenue Requirements**

Acct No.	Description	Allocation Basis	Distribution			
			Lines		Line Transformers	
			Demand	Customer	Demand	Consumer
555						
431	Other Interest Expense	Rate Base	13,390	6,668	4,038	1,596
431.1	Other Interest - STL	Rate Base	-	-	-	-
	<b>Total Short Term Interest</b>	Rate Base	<b>13,390</b>	<b>6,668</b>	<b>4,038</b>	<b>1,596</b>
	<b>Total Costs</b>		<b>7,313,997</b>	<b>3,642,328</b>	<b>1,205,333</b>	<b>476,360</b>
	<b>Margin Requirements</b>	Rate Base	<b>1,575,515</b>	<b>784,597</b>	<b>475,178</b>	<b>187,795</b>
	<b>Total Revenue Requirements</b>		<b>8,889,513</b>	<b>4,426,925</b>	<b>1,680,510</b>	<b>664,155</b>
	<b>Less; Misc Income</b>					
	CATV & Non-Recurring Chrgs		-	-	-	-
450	Forfeited Discounts	Rate Base	346,914	172,761	104,630	41,351
451	Misc Service Revenue	Rate Base	56,396	28,085	17,009	6,722
454	Rent from Electric Prop.	Rate Base	353,348	175,965	106,570	42,118
456.1	Other Electric Property	Rate Base	4,588	2,285	1,384	547
	<b>Total Misc Income</b>		<b>761,246</b>	<b>379,096</b>	<b>229,593</b>	<b>90,737</b>
	<b>Less: Other Income</b>					
419	Interest Income	Rate Base	96,017	47,816	28,959	11,445
415-418,421	Nonoperating Margins Other	Rate Base	(15,289)	(7,614)	(4,611)	(1,822)
424	Other Capital Credits	Rate Base	40,753	20,295	12,291	4,858
	<b>Total Other Income</b>		<b>121,482</b>	<b>60,497</b>	<b>36,639</b>	<b>14,480</b>
	<b>Revenue Requirements from Rates</b>		<b>8,006,785</b>	<b>3,987,332</b>	<b>1,414,278</b>	<b>558,937</b>

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**Functionalization and Classification of Revenue Requirements**

Acct No.	Description	Allocation Basis	Distribution				
			Services Consumer	Meters Consumer	Consumer & Accounting Services	Outdoor Lighting	Street Lighting
555	Purchased Power						
	Demand Charges	OATT					
	Energy Charges	DA					
<b>Total Purchased Power</b>							
580	Operations Supv & Eng	Dist Oper	6,965	37,200	-	15,125	-
582	Station Expense	DA/MinSys	1,547	-	-	-	-
583	Overhead Line Exp.	DA/Min Syst	167,780	-	-	-	-
584	Underground Line Exp	DA/MinSys	9,585				
586	Meter Expense	DA		955,523			
587	Consumer Installations	DA				388,506	
588	Misc. Distribution Exp	Dist Oper	39,447	210,676	-	85,659	
589	Rents		-	-		-	
<b>Total Operations</b>			<b>225,325</b>	<b>1,203,399</b>	<b>-</b>	<b>489,290</b>	<b>-</b>
590	Maint Supv & Eng	Dist Maint,	13,820	303	-	-	287
592	Maint of Station Equip	DA/Min Syst	4,994				
593	Maint. Overhead Lines	DA/Min Syst	554,049				
594	Maint of Underground Lines	DA/Min Syst	1,509				
595	Maint Line Transformers	DA					
596	Maint of St Lg & Signal Sys	DA					11,644
597	Maintenance of Meters	DA		12,303			
598	Maint Misc Distrib Plant	Dist Maint,	45,204	992	-	-	939
<b>Total Distribut Maintenance</b>			<b>619,576</b>	<b>13,598</b>	<b>-</b>	<b>-</b>	<b>12,870</b>
901	Supervision	DA	-	-	24,061	-	-
902	Meter Reading Expense	DA			483,568	-	-
903	Cons Recds & Collections	DA			2,408,919	-	-
904	Uncollectible Accounts	DA			201,987	-	-
<b>Total Consumer Accounts</b>			<b>-</b>	<b>-</b>	<b>3,118,535</b>	<b>-</b>	<b>-</b>

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Functionalization and Classification of Revenue Requirements

Acct No.	Description	Allocation Basis	Distribution				
			Services Consumer	Meters Consumer	Consumer & Accounting Services	Outdoor Lighting	Street Lighting
907-910	Customer Sales & Info				394,490		
911	Supervision	DA			-		
912	Demonstration & Selling	DA			16,242		
913	Advertising	DA			-		
<b>Total Customer Service</b>			-	-	410,732	-	-
<b>Total of Above</b>			844,901	1,216,997	3,529,267	489,290	12,870
920	Administrative Salaries						
921	Office Supplies						
923	Outside Services						
924	Property Ins						
925	Injuries & Damages						
926	Employ Pensions & Benef						
928	Regulatory Exp						
929	Duplicate Charges						
930	Misc General Exp						
931	Rents						
935	Misc. General Plant						
<b>Total Admin &amp; General</b>			173,084	53,419	1,176,004	134,600	7,389
403	Deprec. Distribution Plant	Net Plant	367,907	113,547	175,486	286,105	15,707
403	Deprec. General Plant	Net Plant	47,571	14,682	22,691	36,994	2,031
<b>Total Depreciation</b>			415,478	128,228	198,177	323,099	17,738
408	Taxes Other Than Income Tax	Rate Base	-	-	-	-	-
426	Miscell. Income Deductions	Rate Base	7,652	2,361	3,599	5,950	327
<b>Total Miscellaneous</b>			7,652	2,361	3,599	5,950	327
427.1	Interest - RUS Constuc	Rate Base	324,120	100,033	152,448	252,054	13,837
427.15	Interest - FFB Notes	Rate Base	-	-	-	-	-
427.2	Interest - Other LTD	Rate Base	72,467	22,365	34,084	56,354	3,094
<b>Total Interest on LTD</b>			396,587	122,398	186,532	308,409	16,931

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**Functionalization and Classification of Revenue Requirements**

Acct No.	Description	Allocation Basis	Distribution				
			Services Consumer	Meters Consumer	Consumer & Accounting Services	Outdoor Lighting	Street Lighting
431	Other Interest Expense	Rate Base	3,371	1,040	1,585	2,621	144
431.1	Other Interest - STL	Rate Base	-	-	-	-	-
	<b>Total Short Term Interest</b>	Rate Base	<b>3,371</b>	<b>1,040</b>	<b>1,585</b>	<b>2,621</b>	<b>144</b>
	<b>Total Costs</b>		<b>1,841,072</b>	<b>1,524,444</b>	<b>5,095,164</b>	<b>1,263,969</b>	<b>55,399</b>
	<b>Margin Requirements</b>	Rate Base	<b>396,587</b>	<b>122,398</b>	<b>186,532</b>	<b>308,409</b>	<b>16,931</b>
	<b>Total Revenue Requirements</b>		<b>2,237,659</b>	<b>1,646,842</b>	<b>5,281,696</b>	<b>1,572,378</b>	<b>72,330</b>
<b>Less; Misc Income</b>							
	CATV & Non-Recurring Chrgs		-	-	-	-	-
450	Forfeited Discounts	Rate Base	87,325	26,951	41,073	67,909	3,728
451	Misc Service Revenue	Rate Base	14,196	4,381	6,677	11,040	606
454	Rent from Electric Prop.	Rate Base	88,944	27,451	41,834	69,168	3,797
456.1	Other Electric Property	Rate Base	1,155	356	543	898	49
	<b>Total Misc Income</b>		<b>191,620</b>	<b>59,139</b>	<b>90,127</b>	<b>149,015</b>	<b>8,181</b>
	Less: Other Income						
419	Interest Income	Rate Base	24,169	7,459	11,368	18,795	1,032
415-418,421	Nonoperating Margins Other	Rate Base	(3,848)	(1,188)	(1,810)	(2,993)	(164)
424	Other Capital Credits	Rate Base	10,258	3,166	4,825	7,978	438
	<b>Total Other Income</b>		<b>30,579</b>	<b>9,438</b>	<b>14,383</b>	<b>23,780</b>	<b>1,306</b>
	<b>Revenue Requirements from Rates</b>		<b>2,015,460</b>	<b>1,578,265</b>	<b>5,177,186</b>	<b>1,399,583</b>	<b>62,844</b>

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Development of Net Investment Rate Base

Description	\$\$\$\$	Distribution Balances			
		Lines		Line Transformers	
		Demand	Customer	Demand	Consumer
360 Land & Land Rights	52,264	34,890	17,375		
362 Station Equipment	772,107	515,427	256,680		
364 Poles, Towers and Fixtures	37,722,490	22,930,931	11,419,469		
365 Overhead Conductor	38,411,066	25,641,666	12,769,399		
366 Underground Conduit	310,989	207,603	103,385		
367 UG Conductor	2,654,010	1,771,709	882,301		
368 Line Transformers	21,503,692			15,412,511	6,091,181
369 Services	15,032,672				
370 Meters	3,970,015				
371 Install. On Consumer Prem.	4,703,722				
373 Street Ltg & Signal Systems	307,392				
<b>Total Distribution Plant</b>	<b>125,440,420</b>	<b>51,102,227</b>	<b>25,448,608</b>	<b>15,412,511</b>	<b>6,091,181</b>
		40.7%	20.3%	12.3%	4.9%
<b>Total General Plant</b>	<b>16,070,035</b>	<b>3,858,369</b>	<b>1,921,445</b>	<b>1,163,690</b>	<b>459,902</b>
		24.0%	12.0%	7.2%	2.9%
<b>Total Utility Plant</b>	<b>141,510,455</b>	<b>54,960,596</b>	<b>27,370,054</b>	<b>16,576,202</b>	<b>6,551,083</b>
<b>Accum. Depreciation</b>	<b>31,037,778</b>	<b>12,054,620</b>	<b>6,003,130</b>	<b>3,635,692</b>	<b>1,436,862</b>
<b>Net Plant</b>	<b>110,472,677</b>	<b>42,905,976</b>	<b>21,366,924</b>	<b>12,940,509</b>	<b>5,114,220</b>
		38.84%	19.34%	11.71%	4.63%
<b>CWIP</b>	<b>2,214,779</b>	<b>902,262</b>	<b>449,321</b>	<b>272,124</b>	<b>107,546</b>
	<b>112,687,456</b>	<b>43,808,238</b>	<b>21,816,245</b>	<b>13,212,633</b>	<b>5,221,767</b>
<b>Plus</b>					
Cash Working Capital	1,735,391	674,001	335,648	203,280	80,338
Materials & Supplies	1,365,614	530,385	264,128	159,965	63,220
Prepayments	418,690	162,613	80,980	49,044	19,383
<b>Minus: Consumer Advances</b>	<b>679,941</b>	<b>276,996</b>	<b>137,942</b>	<b>83,542</b>	<b>33,017</b>
<b>Net Investment Rate Base</b>	<b>115,527,210</b>	<b>44,898,240</b>	<b>22,359,060</b>	<b>13,541,379</b>	<b>5,351,690</b>
<b>Percentage</b>		<b>38.86%</b>	<b>19.35%</b>	<b>11.72%</b>	<b>4.63%</b>

**SOUTH KENTUCKY RECC**

**Case No. 2005-00450**

**Development of Net Investment Rate Base**

Description	Distribution Balances					
	<u>Demand</u>	<u>Services Consumer</u>	<u>Meters Consumer</u>	<u>Consumer &amp; Accounting Services</u>	<u>Outdoor Lighting</u>	<u>Street Ltg</u>
360 Land & Land Rights						
362 Station Equipment						
364 Poles, Towers and Fixtures					3,130,315	241,776
365 Overhead Conductor						
366 Underground Conduit						
367 UG Conductor						
368 Line Transformers						
369 Services		12,863,400			2,169,272	-
370 Meters			3,970,015			
371 Install. On Consumer Prem.					4,703,722	
373 Street Ltg & Signal Systems						307,392
<b>Total Distribution Plant</b>	-	12,863,400	3,970,015	-	10,003,309	549,168
	0.0%	10.3%	3.2%	0.0%	8.0%	0.4%
<b>Total General Plant</b>	-	971,225	299,748	6,598,912	755,279	41,464
	0.0%	6.0%	1.9%	41.1%	4.7%	0.3%
<b>Total Utility Plant</b>	-	13,834,625	4,269,763	6,598,912	10,758,588	590,632
<b>Accum. Depreciation</b>	-	3,034,377	936,496	1,447,353	2,359,703	129,545
<b>Net Plant</b>	-	10,800,249	3,333,267	5,151,559	8,398,885	461,088
	0.00%	9.78%	3.02%	4.66%	7.60%	0.42%
<b>CWIP</b>	-	227,117	70,095	-	176,619	9,696
	-	11,027,365	3,403,362	5,151,559	8,575,503	470,784
<b>Plus</b>						
Cash Working Capital	-	169,659	52,362	80,925	131,936	7,243
Materials & Supplies	-	133,508	41,204	63,681	103,823	5,700
Prepayments	-	40,933	12,633	19,524	31,832	1,748
<b>Minus: Consumer Advances</b>	-	69,725	21,519	-	54,222	2,977
<b>Net Investment Rate Base</b>	-	11,301,739	3,488,042	5,315,690	8,788,872	482,497
<b>Percentage</b>	0.00%	9.78%	3.02%	4.60%	7.61%	0.42%





Demand Related Costs and Energy Related Costs Allocators

B. Wholesale Billing CP Contributions

Month	Schedule A Residential Schls & Chur	Schedule A Residential ETS	Schedule B Commercial No Demand	Schedule B Commercial ETS	Schedule LP Large Power Rate	Schedule LP-1 Large Power 500-4999 kW	Schedule LP-2 Large Power 500-9999 kW	Schedule LP-3 Large Power 500-4999 kW	Subtotal for this page
September	110,039	-	30,173	-	18,451	3,869	0	4,453	166,986
October	97,219	-	13,791	-	14,699	3,200	-	4,898	133,807
November	111,133	-	16,800	-	31,561	4,774	7	7,244	171,518
December	203,687	-	36,693	-	37,019	4,814	16	7,345	289,574
January	200,575	-	36,722	-	36,710	4,965	14	8,484	287,471
February	143,073	-	25,499	-	27,174	5,083	9	7,899	208,738
March	150,228	-	25,835	-	32,713	5,131	121	8,179	222,207
April	115,651	-	19,701	-	13,710	3,074	0	3,422	155,559
May	92,010	-	24,660	-	31,883	5,410	0	9,150	163,112
June	104,664	-	41,765	-	33,752	5,104	0	8,958	194,244
July	120,842	-	39,749	-	30,309	5,623	0	8,087	204,611
August	112,459	-	41,010	-	33,978	5,762	0	10,018	203,228
<b>Total</b>	<b>1,561,581</b>	<b>-</b>	<b>352,397</b>	<b>-</b>	<b>341,962</b>	<b>69,075</b>	<b>88,610</b>	<b>78,515</b>	<b>2,401,055</b>
Percent	60.04%	0.00%	13.55%	0.00%	13.15%	2.66%	3.02%	3.41%	95.82%
Percent w/no LP1,2,3	66.04%	0.00%	14.90%	0.00%	14.46%	69,075	88,610	78,515	2,255,939
						29.2%	37.5%	33.2%	100.0%

Used to allocate wholesale power demand costs to rate classes. Wholesale power demand is billed on basis of CP demand.

**Demand Related Costs and Energy Related Costs Allocators**

**B. Wholesale Billing CP Contributions**

Special Contract Stone Co.	Schedule OPS Optional Power Service	Schedule AES All Electric Schools	Schedule OL Outdoor Lighting	Schedule STL Street Lighting	Schedule DSTL Decorative St. Lighting	Subtotal for this page	Total Energy
1	5,393	836	0	0	0	6,230	173,215
1	2,963	476	0	0	0	3,440	137,247
0	5,949	1,220	4,325	163	60	11,717	183,235
365	7,783	2,007	4,905	183	70	15,312	304,887
2	7,474	2,227	4,384	165	63	14,316	301,786
0	5,037	1,226	4,049	152	60	10,524	219,262
36	5,957	2,081	4,031	150	59	12,313	234,521
0	3,255	612	0	0	0	3,868	159,427
1	6,245	1,139	0	0	0	7,385	170,497
0	7,121	1,007	0	0	0	8,129	202,373
0	6,294	806	0	0	0	7,100	211,711
0	7,062	1,266	0	0	0	8,328	211,556
<b>407</b>	<b>70,534</b>	<b>14,901</b>	<b>21,694</b>	<b>813</b>	<b>312</b>	<b>108,662</b>	<b>2,600,801</b>
0.02%	2.71%	0.57%	0.83%	0.03%	0.01%	4.18%	100.00%
0.02%	2.98%	0.63%	0.92%	0.03%	0.01%	99.6%	2,364,601

Used to allocate wholesale power demand costs to rate classes. Wholesale power demand is billed on basis of CP demand.

Demand Related Costs and Energy Related Costs Allocators

C. Monthly Peak Demands for Each Rate Class

Month	Schedule A Residential Schls & Chur	Schedule A Residential ETS	Schedule B Commercial No Demand	Schedule B Commercial ETS	Schedule LP Large Power Rate	Schedule LP-1 Large Power 500-4999 kW	Schedule LP-2 Large Power 5000-9999 kW	Schedule LP-3 Large Power 500-4999 kW	Subtotal for this page
September	141,870	-	33,262	-	34,014	5,738	7,586	8,148	230,618
October	97,219	-	27,231	-	29,186	5,627	7,154	7,868	174,286
November	112,781	-	23,329	-	31,561	5,646	7,003	7,907	188,227
December	203,687	-	36,693	-	37,019	5,639	6,653	8,238	297,929
January	200,575	-	36,722	-	36,710	5,459	6,964	8,484	294,914
February	147,159	-	30,251	-	30,900	5,494	6,601	8,180	228,584
March	163,048	-	28,205	-	32,713	5,806	6,731	8,179	244,682
April	118,401	-	27,265	-	31,382	5,816	7,033	7,465	197,362
May	118,358	-	29,481	-	32,364	5,960	7,240	9,150	202,554
June	158,137	-	41,765	-	33,752	6,277	7,836	8,958	256,727
July	165,722	-	40,058	-	33,644	6,261	8,355	8,087	262,127
August	151,940	-	42,222	-	33,978	6,419	8,342	10,018	252,920
<b>Total</b>	<b>1,778,897</b>	<b>-</b>	<b>396,484</b>	<b>-</b>	<b>397,224</b>	<b>70,143</b>	<b>87,497</b>	<b>100,682</b>	<b>2,830,928</b>
<b>Percent</b>	<b>59.12%</b>	<b>0.00%</b>	<b>13.18%</b>	<b>0.00%</b>	<b>13.20%</b>	<b>2.33%</b>	<b>2.91%</b>	<b>3.35%</b>	<b>94.09%</b>

Used to allocate distribution demand related costs to appropriate rate classes

**SOUTH KENTUCKY RECC**  
**Case No. 2005-00450**

**Demand Related Costs and Energy Related Costs Allocators**

**C. Monthly Peak Demands for Each Rate Class**

Special Con- tract Casey Stone Co.	Schedule OPS Optional Power Service	Schedule AES All Electric Schools	Schedule OL Outdoor Lighting		Schedule STL Street Lighting		Schedule DSTL Decorative St. Lighting		Subtotal for this page	Total Energy
			Lighting	Lighting	Lighting	Lighting	Lighting	Lighting		
1	9,522	1,954	3,998	151	58	15,684			246,303	
1	7,515	1,806	4,035	152	58	13,566			187,852	
445	7,457	2,222	4,325	163	60	14,672			202,899	
408	7,783	3,239	4,905	183	70	16,587			314,516	
472	7,563	2,787	4,384	165	63	15,435			310,349	
529	7,135	2,608	4,057	152	60	14,541			243,125	
522	6,771	2,601	4,076	152	59	14,182			258,863	
8	7,179	2,399	4,097	153	60	13,896			211,258	
1	7,995	2,474	4,088	153	60	14,772			217,325	
5	8,696	1,695	4,105	153	61	14,716			271,442	
0	8,379	1,766	4,127	153	61	14,487			276,613	
4	8,770	2,147	4,137	153	61	15,273			268,193	
2,396	94,765	27,698	50,334	1,885	734	177,811			3,008,740	
0.08%	3.15%	0.92%	1.67%	0.06%	0.02%	5.91%			100.00%	

Used to allocate distribution demand related costs to appropriate rate classes

**SOUTH KENTUCKY RECC  
Case No. 2005-00450**

**Determination of Certain Plant Investments as Demand Related or Consumer Related**

**Account 364 - Poles**

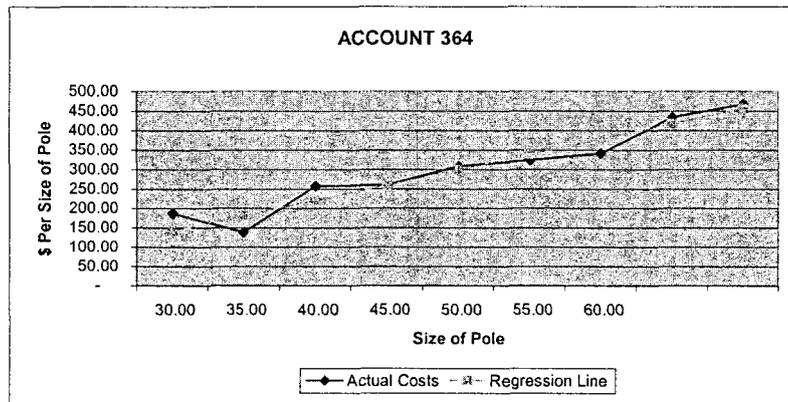
Pole	Size	Investment	Number of Units	Unit Cost	Predicted Value
25.00	25.00	1,360,328	17,512.00	77.68	102.11
30.00	30.00	5,766,054	30,837.00	186.98	141.48
35.00	35.00	4,650,638	33,742.00	137.83	180.84
40.00	40.00	10,962,501	42,621.00	257.21	220.21
45.00	45.00	3,707,865	14,285.00	259.56	259.58
50.00	50.00	426,499	1,385.00	307.94	298.95
55.00	55.00	56,981	176.00	323.75	338.32
60.00	60.00	9,888	29.00	340.98	377.69
65.00	65.00	7,798	18.00	433.20	417.06
70.00	70.00	1,403	3.00	467.52	456.43
<b>Subtotal</b>		<b>25,589,627</b>	<b>123,096.00</b>		
Cross arms		2,184,577			
Anchors & Guys		3,781,678			
Other		60,392			
<b>Total Investment</b>		<b>37,722,490</b>	<b>123,096.00</b>		<b>19,755,939.25</b>
					<b>17,966,551.13</b>

X Variable - (Size) 7.87  
Zero Intercept (94.74)  
R Square 0.94

Minimum Intercept 25 ft pole	Use Predicted Value	102.11
Number of poles		123,096.00
Consumer Related Investment		12,568,907.63
Total Investment		37,722,490.38
<b>Percent Customer Related</b>		<b>33.32%</b>
<b>Percent Demand Related</b>		<b>66.68%</b>

**SUMMARY OUTPUT**

<i>Regression Statistics</i>	
Multiple R	0.97042986
R Square	0.94173412
Adjusted R Sq	0.93445088
Standard Err	31.446924
Observations	10
<i>Coefficients</i>	
Intercept	-94.7379023
X Variable 1	7.87377801



**SOUTH KENTUCKY RECC**  
**Case No. 2005-00450**

**Determination of Certain Plant Investments as Demand Related or Consumer Related**

**Account 365 - Overhead Conductor**

Conductor	Investment	Number of Units	Unit Cost	Amps	Predicted Value
2 ACSR	9,854,928	29,939,643	0.3292	201 \$	0.20495
4 ACSR	51,000	1,309,029	0.0390	153 \$	0.10112
2 ACSR 7/1 Al	8	364	0.0221	200 \$	0.20278
1/0 ACSR	2,655,881	9,079,310	0.2925	266 \$	0.34555
3/0 ACSR	56,747	234,401	0.2421	345 \$	0.51643
4/0 ACSR	659,250	666,261	0.9895	397 \$	0.62891
336.4 MCM	1,725,138	1,865,071	0.9250	567 \$	0.99663
9 1/2 D Copperweld CU	1,721	2,566,445	0.0007	85 \$	(0.04597)
8A Copperweld CU	304,143	5,794,184	0.0525	100 \$	(0.01353)
6A Copperweld CU	270,613	4,146,490	0.0653	140 \$	0.07300
4A Copperweld CU	53,395	687,783	0.0776	180 \$	0.15952
6 HD CU	17,233	666,621	0.0259	120 \$	0.02974
4 HD CU	7,479	124,345	0.0602	170 \$	0.13789
2 HD CU	6,641	108,177	0.0614	210 \$	0.22441
# 2 Stranded CU	19,388	241,334	0.0803	266 \$	0.34555
1/0 Stranded CU	11,517	86,065	0.1338	310 \$	0.44072
1/0 WP CU	115	(4,469)	(0.0257)	310 \$	0.44072
2/0 WP CU	2,127	8,029	0.2650	360 \$	0.54888
4/0 WP CU	698	918	0.7604	490 \$	0.83008
250 MCM WP CU	123	43.00	2.8516	540 \$	0.93823
350 MCM WP CU	166	4.00	41.4275	670 \$	1.21943
500 MCM WP CU	4,021	708	5.6796	840 \$	1.58715
750 MCM WP CU	11,222	692	16.2165	1090 \$	2.12792
1000 MCM WP CU	42	50	0.8402	1200 \$	2.36586
DUPLEX	1,134,730	142,108	7.9850	70 \$	(0.07842)
TRIPLEX	2,429,920	4,466,486	0.5440	150 \$	0.09463
QUADRAPLEX	106,674	37,570.00	2.8393	180 \$	0.15952
Subtotal	19,384,920	62,167,662	0.3118		
Ground Assemblies	8,246,763				
Insulator Strings	7,856,297				
Lightning Arresters	307,255				
Line Switches	304,475				
Regulator By Pass Switces	125,479				
1 Phase Oil Circuit Breaker	1,757,853				
All Other Items	428,024				
<b>TOTAL</b>	<b>38,411,066</b>	<b>62,167,662</b>			
	38,411,066				

**Determination of Certain Plant Investments as Demand Related or Consumer Related**

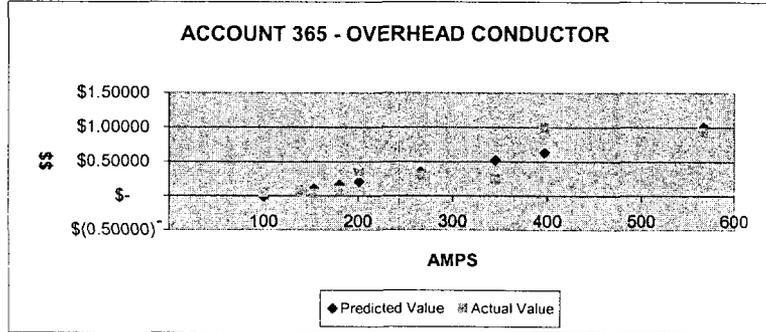
**Account 365 - Overhead Conductor**

Minimum Size Conductor - 2 ACSR	0.20495	Predicted Price
Total Amount of Conductor in Feet	62,167,662	
	<b>\$\$\$</b>	
<b>Minimum Size Investment - Consumer Related</b>	<b>12,740,980.22</b>	<b>33.17%</b>
<b>Demand Related</b>	<b>25,670,085</b>	<b>66.83%</b>
<b>Investment in Conduit</b>	<b>38,411,065.50</b>	<b>100.00%</b>

<i>Regression Statistics</i>	
Multiple R	0.88156897
R Square	0.77716384
Adjusted R Square	0.74533011
Standard Error	0.18655973
Observations	9

<i>Coefficients</i>	
Intercept	-0.2298335
X Variable 1	0.00216308



**Breakdown of Lines into Demand Related and Consumer Related Components**

	Total Investment	Percent Consumer	Amount Consumer	Percent Demand	Amount Demand
Conductor	38,411,066	33.17%	12,740,980.22	66.83%	25,670,085
Poles	37,722,490	33.32%	12,568,907.63	66.68%	25,153,583
	76,133,556		25,309,887.84		50,823,668
<b>Percent</b>			<b>33.24%</b>		<b>66.76%</b>

**SOUTH KENTUCKY RECC**  
**Case No. 2005-00450**

**Determination of Certain Plant Investments as Demand Related or Consumer Related**

**Account 368 - Transformers**

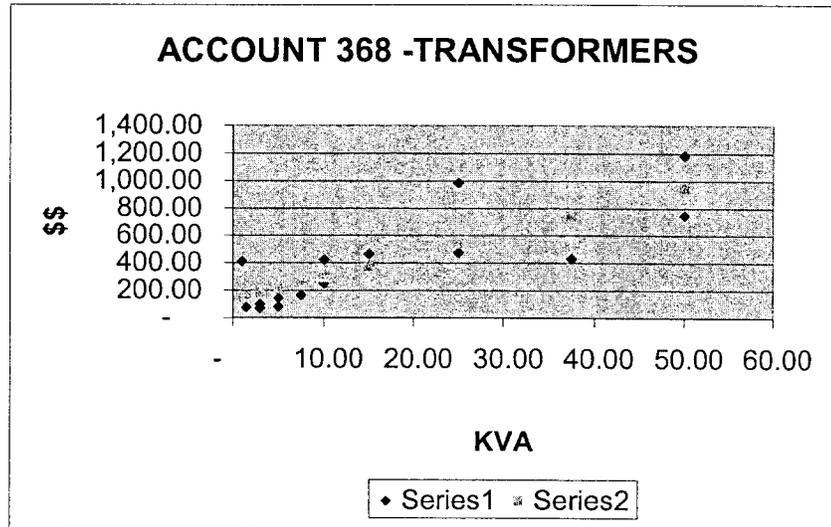
Transformer	Size	Investment	Number of Units	Unit Cost	Predicted Value
1KVA Conv	1.00	10,235	25.00	409.40	146.16
1.5KVA	1.50	10,337	138.00	74.90	154.33
3KVA CSP	3.00	46,644	474.00	98.41	178.83
3KVA Conv	3.00	4,171	61.00	68.38	178.83
5 KVA CSP	5.00	206,553	1,450.00	142.45	211.49
5KVA Conv	5.00	244	3.00	81.17	211.49
7.5KVA CSP	7.50	13,132	79.00	166.22	252.31
10KVA CSP	10.00	4,112,958	16,422.00	250.45	293.14
10KVA SP	10.00	25,887	61.00	424.38	293.14
15KVA CSP	15.00	4,994,498	13,131.00	380.36	374.79
<b>15KVA SP</b>	15.00	477,691	1,027.00	465.13	374.79
25KVA	25.00	5,286,583	11,149.00	474.18	538.09
37.5KVA	37.50	87,607	203.00	431.56	742.22
25 KVA Pad	25.00	177,028	180.00	983.49	538.09
50KVA	50.00	1,012,927	1,357.00	746.45	946.35
50 KVA PAD	50.00	426,035	360.00	1,183.43	946.35
75KVA		227,113	209.00	1,086.67	
75KVA PAD		53,975	35.00	1,542.14	
100KVA		301,679	230.00	1,311.65	
100KVA		1,858	1.00	1,858.00	
150KVA		53,015	13.00	4,078.08	
167KVA		185,745	110.00	1,688.59	
225KVA PAD		31,997	9.00	3,555.17	
250KVA		59,483	24.00	2,478.44	
300KVA		69,551	14.00	4,967.95	
333KVA		148,282	49.00	3,026.17	
500KVA		105,246	17.00	6,190.93	
750KVA		16,691	2.00	8,345.50	
1000KVA		274,979	43.00	6,394.86	
1500KVA PAD		336,192	29.00	11,592.82	
2000KVA PAD		15,204	1.00	15,204.00	
2500KVA PAD		155,195	9.00	17,243.89	
Cutouts		-			
All Other Equipment		-			
<b>Total Investment</b>		<b>21,503,692.22</b>	<b>46,915.00</b>		

Determination of Certain Plant Investments as Demand Related or Consumer Related

x Coefficient	16.3303
Zero Intercept	129.8344
R Square	0.8165
Number of Transformers	46,915.00
Zero Intercept	129.83
Consumer Related Investment	6,091,180.74
Demand Related Investment	15,412,511.48
Percentage of Investment Consumer Related	28.33%
Percentage of Investment Demand Related	71.67%

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.81652441
R Square	0.66671211
Adjusted R Square	0.64290583
Standard Error	197.449401
Observations	16
Coefficients	
Intercept	129.834397
X Variable 1	16.3302521



**SOUTH KENTUCKY RECC**

**CASE NO. 2005-00450**

**Consumer Related Costs Allocators**

**A. Lines (poles and conduit)**

	<u>Number of Consumers</u>	<u>Allocation Percent</u>
Schedule A - Residential	55,298	93.22%
Schedule A - Marketing ETS		0.00%
Schedule B - Small Commercial	3,581	6.04%
Schedule B- ETS	-	0.00%
Schedule LP - Large Power Rate	246	0.41%
Schedule LP-1 - Large Power (500-4999 kW)	2	0.00%
Schedule LP-2 - Large Power (5000-9999kW)	1	0.00%
Schedule LP-3 - Large Power (500-4999 kW)	5	0.01%
Special Contract	1	0.00%
Schedule OPS - Optional Power Service	150	0.25%
Schedule AES - All Electric Schools	10	0.02%
Schedule OL - Outdoor Lighting	-	0.00%
Schedule STL - Street Lighting	20	0.03%
Schedule DSTL - Decorative Street Lighting	5	0.01%
	<b>59,319.00</b>	<b>100.0%</b>

**SOUTH KENTUCKY RECC**

**CASE NO. 2005-00450**

**Consumer Related Costs Allocators**

B. Transformers Rate Class	Number of Consumers	Minimum Transformer Cost		Relative Cost	Weight	Allocation Percent
		Cost	Cost			
Schedule A - Residential	55,298	250.45	0.18	9,735.93	86.905%	
Schedule A - Marketing ETS	-	-	-	-	0.000%	
Schedule B - Small Commercial	3,581	380.36	0.27	957.50	8.547%	
Schedule B- ETS	-	-	-	-	0.000%	
Schedule LP - Large Power Rate	246	1,422.53	1.00	246.00	2.196%	
Schedule LP-1 - Large Power (500-4999 kW)	2	6,190.93	4.35	8.70	0.078%	
Schedule LP-2 - Large Power (5000-9999kW)	1	34,487.78	24.24	24.24	0.216%	
Schedule LP-3 - Large Power (500-4999 kW)	5	6,190.93	4.35	21.76	0.194%	
Special Contract	1	12,381.85	8.70	8.70	0.078%	
Schedule OPS - Optional Power Service	150	1,422.53	1.00	150.00	1.339%	
Schedule AES - All Electric Schools	10	3,934.94	2.77	27.66	0.247%	
Schedule OL - Outdoor Lighting	-	-	-	-	0.000%	
Schedule STL - Street Lighting	359	74.90	0.05	18.90	0.169%	
Schedule DSTL - Decorative Street Lighting	20	250.45	0.18	3.52	0.031%	
	59,673			11,202.92	100.0%	

**SOUTH KENTUCKY RECC**

**CASE NO. 2005-00450**

**Consumer Related Costs Allocators**

<b>C. Services</b>	<b># of Consumer</b>	<b>Minim Service Cost</b>	<b>Relative Cost</b>	<b>Weight</b>	<b>Allocation Percent</b>
<b>Rate Class</b>		<b>Cost</b>	<b>Cost</b>		<b>Percent</b>
Schedule A - Residential	55,298	142.71	0.30	16,384.87	91.75%
Schedule A - Marketing ETS	-	-	-	-	0.00%
Schedule B - Small Commercial	3,581	142.71	0.30	1,061.06	5.94%
Schedule B- ETS	-	142.71	1.00	-	0.00%
Schedule LP - Large Power Rate	246	481.64	1.00	246.00	1.38%
Schedule LP-1 - Large Power (500-4999 kW)	2	-	-	-	0.00%
Schedule LP-2 - Large Power (5000-9999kW)	1	-	-	-	0.00%
Schedule LP-3 - Large Power (500-4999 kW)	5	481.64	1.00	5.00	0.03%
Special Contract	1	481.64	1.00	1.00	0.01%
Schedule OPS - Optional Power Service	150	481.64	1.00	150.00	0.84%
Schedule AES - All Electric Schools	10	481.64	1.00	10.00	0.06%
Schedule OL - Outdoor Lighting	-	95.33	0.20	-	0.00%
Schedule STL - Street Lighting	-	127.87	0.27	-	0.00%
Schedule DSTL - Decorative Street Lighting	-	141.57	0.29	-	0.00%
	59,294.00			17,857.93	100.00%

CASE NO. 2005-00450

Consumer Related Costs Allocators

D. Meters	# of Consumer	Minimum Meter Cost	Relative Cost	Weight	Allocation Percent
Schedule A - Residential	55,298	38.40	1.00	55,298.00	89.95%
Schedule A - Marketing ETS	-	38.40	1.00	-	0.00%
Schedule B - Small Commercial	3,581	38.40	1.00	3,581.00	5.82%
Schedule B- ETS	-	38.40	1.00	-	0.00%
Schedule LP - Large Power Rate	246	245.06	6.38	1,570.03	2.55%
Schedule LP-1 - Large Power (500-4999 kW)	2	-	-	-	0.00%
Schedule LP-2 - Large Power (5000-9999kW)	1	-	-	-	0.00%
Schedule LP-3 - Large Power (500-4999 kW)	5	-	-	-	0.00%
Special Contract	1	245.06	6.38	6.38	0.01%
Schedule OPS - Optional Power Service	150	245.06	6.38	957.34	1.56%
Schedule AES - All Electric Schools	10	245.06	6.38	63.82	0.10%
Schedule OL - Outdoor Lighting	-	-	-	-	0.00%
Schedule STL - Street Lighting	20	-	-	-	0.00%
Schedule DSTL - Decorative Street Lighting	5	-	-	-	0.00%
	59,319.00			61,476.57	100.0%

CASE NO. 2005-00450

Consumer Related Costs Allocators

E. Consumer & Accounting Services

Rate Class	# of Consumer	Relative Weight Meter Read	Relative Weight Cons Rcds	Relative Weight Cust Asst	Combined Relative Weights	Weight	Allocation Percent
Schedule A - Residential	55,298	0.06	0.33	0.10	0.49	26,883	92.020%
Schedule A - Marketing ETS	1,722	0.06	0.11	0.02	0.20	337	1.153%
Schedule B - Small Commercial	3,581	0.06	0.33	0.10	0.49	1,741	5.959%
Schedule B- ETS	2	0.06	0.11	0.02	0.20	0	0.001%
Schedule LP - Large Power Rate	246	0.13	0.43	0.10	0.66	162	0.554%
Schedule LP-1 - Large Power (500-4999 kW)	2	0.13	0.65	0.10	0.87	2	0.006%
Schedule LP-2 - Large Power (5000-9999kW)	1	0.13	0.65	0.10	0.87	1	0.003%
Schedule LP-3 - Large Power (500-4999 kW)	5	0.13	0.65	0.10	0.87	4	0.015%
Special Contract	1	0.13	0.43	0.10	0.66	1	0.002%
Schedule OPS - Optional Power Service	150	0.06	0.33	0.10	0.49	73	0.250%
Schedule AES - All Electric Schools	10	0.06	0.33	0.10	0.49	5	0.017%
Schedule OL - Outdoor Lighting	-	-	0.22	0.02	0.24	-	0.000%
Schedule STL - Street Lighting	20	-	0.22	0.02	0.24	5	0.017%
Schedule DSTL - Decorative Street Lighting	5	-	0.22	0.02	0.24	1	0.004%
		1.00	5.00	1.00	7.00	29,214.28	1.000000

CASE NO. 2005-00450

Consumer Related Costs Allocators

	Meter Reading		Consumer Records	
	Factor	Weight	Factor	Weight
Schedule A - Residential	1.00	1.00	3.00	5.00
Schedule A - Marketing ETS	1.00	1.00	1.00	5.00
Schedule B - Small Commercial	1.00	1.00	3.00	5.00
Schedule B- ETS	1.00	1.00	1.00	5.00
Schedule LP - Large Power Rate	2.00	1.00	4.00	5.00
Schedule LP-1 - Large Power (500-4999 kW)	2.00	1.00	6.00	5.00
Schedule LP-2 - Large Power (5000-9999kW)	2.00	1.00	6.00	5.00
Schedule LP-3 - Large Power (500-4999 kW)	2.00	1.00	6.00	5.00
Special Contract	2.00	1.00	4.00	5.00
Schedule OPS - Optional Power Service	1.00	1.00	3.00	5.00
Schedule AES - All Electric Schools	1.00	1.00	3.00	5.00
Schedule OL - Outdoor Lighting	-	1.00	2.00	5.00
Schedule STL - Street Lighting	-	1.00	2.00	5.00
Schedule DSTL - Decorative Street Lighting	-	1.00	2.00	5.00
		14.00		70.00
				230.00
		16.00		

CASE NO. 2005-00450

Consumer Related Costs Allocators

	Consumer Assistance		Relative Weight
	Factor	Weight	
Schedule A - Residential	1.00	1.00	1.00
Schedule A - Marketing ETS	0.25	1.00	0.25
Schedule B - Small Commercial	1.00	1.00	1.00
Schedule B- ETS	0.25	1.00	0.25
Schedule LP - Large Power Rate	1.00	1.00	1.00
Schedule LP-1 - Large Power (500-4999 kW)	1.00	1.00	1.00
Schedule LP-2 - Large Power (5000-9999kW)	1.00	1.00	1.00
Schedule LP-3 - Large Power (500-4999 kW)	1.00	1.00	1.00
Special Contract	1.00	1.00	1.00
Schedule OPS - Optional Power Service	1.00	1.00	1.00
Schedule AES - All Electric Schools	1.00	1.00	1.00
Schedule OL - Outdoor Lighting	0.25	1.00	0.25
Schedule STL - Street Lighting	0.25	1.00	0.25
Schedule DSTL - Decorative Street Lighting	0.25	1.00	0.25
			10.25

South Kentucky Rural Electric  
Case No. 2005-00450  
Balance Sheet, Adjusted  
August 31, 2005

Exhibit S  
page 1 of 4

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	<u>Actual</u> <u>Test Year</u>	<u>Adjustments</u> <u>to Test Year</u>	<u>Adjusted</u> <u>Test Year</u>
<b><u>ASSETS</u></b>			
Electric Plant:			
In service	141,510,456		141,510,456
Under construction	2,214,779	194,732	2,409,511
	143,725,235	194,732	143,919,967
Less accumulated depreciation	31,037,778	305,510	31,343,288
	<u>112,687,457</u>	<u>(110,778)</u>	<u>112,576,679</u>
Non utility proprty, at net cost	<u>206,693</u>		<u>206,693</u>
Investments	<u>21,784,154</u>		<u>21,784,154</u>
Current Assets:			
Cash and temporary investments	5,207,173		5,207,173
Accounts receivable, net	5,605,360		5,605,360
Installment contracts	24,417		24,417
Material and supplies	1,634,970		1,634,970
Prepayments and current assets	1,234,254		1,234,254
	<u>13,706,174</u>		<u>13,706,174</u>
Net Change in Assets		<u>4,854,162</u>	<u>4,854,162</u>
Total	<u>148,384,478</u>	<u>4,743,384</u>	<u>153,127,862</u>
<b><u>MEMBERS' EQUITIES AND LIABILITIES</u></b>			
Margins:			
Memberships	1,165,579		1,165,579
Patronage capital	48,443,922	4,706,184	53,150,106
	<u>49,609,501</u>	<u>4,706,184</u>	<u>54,315,685</u>
Long Term Debt	<u>82,325,075</u>		<u>82,325,075</u>
Accumulated Operating Provisions	<u>3,753,696</u>	<u>37,200</u>	<u>3,790,896</u>
Current Liabilities:			
Notes payable	802,692		802,692
Accounts payable	6,396,415		6,396,415
Consumer deposits	607,015		607,015
Accrued expenses	1,630,678		1,630,678
	<u>9,436,800</u>		<u>9,436,800</u>
Consumer Advances for Construction	679,941		679,941
Unclaimed capital credits	2,579,465		2,579,465
Total	<u>148,384,478</u>	<u>4,743,384</u>	<u>153,127,862</u>

South Kentucky Rural Electric  
Case No. 2005-00450  
Statement of Operations, Adjusted

Exhibit S  
page 2 of 4  
Witness: Jim Adkins

	<u>Actual</u> <u>Test Year</u>	<u>Normalized</u> <u>Adjustments</u>	<u>Normalized</u> <u>Test Year</u>	<u>Proposed</u> <u>Increase</u>	<u>Proposed</u> <u>Test Year</u>
<b>Operating Revenues:</b>					
Base rates	\$65,118,449	\$4,429,031	\$69,547,480	\$5,863,053	\$75,410,533
Fuel and surcharge and lag	9,390,935	(9,390,935)	0		0
Other electric revenue	1,696,244	262,510	1,958,754		1,958,754
	<u>76,205,628</u>	<u>(4,699,394)</u>	<u>71,506,234</u>	<u>5,863,053</u>	<u>77,369,287</u>
<b>Operating Expenses:</b>					
<b>Cost of power:</b>					
Base rates	46,784,920	4,424,943	51,209,863		51,209,863
Fuel and surcharge	8,522,054	(8,522,054)	0		0
Distribution - operations	3,130,878	128,062	3,258,940		3,258,940
Distribution - maintenance	4,272,903	76,670	4,349,573		4,349,573
Consumer accounts	3,054,098	64,437	3,118,535		3,118,535
Customer service	372,386	22,104	394,490		394,490
Sales	15,669	573	16,242		16,242
Administrative and general	3,037,191	(173,321)	2,863,870		2,863,870
<b>Total operating expenses</b>	<u>69,190,099</u>	<u>(3,978,586)</u>	<u>65,211,513</u>	<u>0</u>	<u>65,211,513</u>
Depreciation	3,975,366	274,438	4,249,804		4,249,804
Taxes - other	78,215	0	78,215		78,215
Interest on long-term debt	3,844,375	209,567	4,053,942		4,053,942
Interest expense - other	37,416	(2,962)	34,454		34,454
Other deductions	43,539	(43,539)	0		0
<b>Total cost of electric service</b>	<u>77,169,010</u>	<u>(3,541,082)</u>	<u>73,627,928</u>	<u>0</u>	<u>73,627,928</u>
<b>Utility operating margins</b>	<u>(963,382)</u>	<u>(1,158,312)</u>	<u>(2,121,694)</u>	<u>5,863,053</u>	<u>3,741,359</u>
Nonoperating margins, interest	247,061	0	247,061		247,061
Nonoperating margins, other	(40,783)	1,443	(39,340)		(39,340)
<b>Patronage Capital Credits:</b>					
G & T		0	0		0
Other	104,862	0	104,862		104,862
<b>Net Margins</b>	<u>(\$652,242)</u>	<u>(\$1,156,869)</u>	<u>(\$1,809,111)</u>	<u>\$5,863,053</u>	<u>\$4,053,942</u>
<b>TIER</b>	0.83		0.55		2.00



South Kentucky Rural Electric  
Case No. 2005-00450  
**Proposed Revenues**  
August 31, 2005

Interest on long term debt	4,053,942
Normalized margins	<u>(1,809,111)</u>
Proposed increase in revenues over normalized revenues to attain a TIER of 2.0x	<u><u>\$5,863,053</u></u>

South Kentucky Rural Electric Cooperative  
Case No. 2005-00450  
**Capitalization Policies**  
August 31, 2005

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Benefits  
Distribution

107.20	Construction work in progress	1,145,446
108.80	Retirement work in progress	242,836
143.00	Accounts receivable, other	126,375
163.00	Stores	102,109
184.00	Transportation	118,213
186.00	Employee bonuses	0
242.30	Employee sick leave	0
416.00	Non operating accounts	37,517
580.00	Operations	34,324
582.00	Station	1,082
583.00	Overhead line	149,849
584.00	Underground	1,255
586.00	Meter	195,161
587.00	Consumer installation	132,895
588.00	Miscellaneous distribution	103,667
590.00	Maintenance	30,798
592.00	Station	3,608
593.00	Overhead line	507,788
593.10	Right of way	105,848
594.00	Underground	2,960
595.00	Transformers	4,145
596.00	Street lights	2,858
597.00	Meters	8
598.00	Miscellaneous maintenance	61,820
901.00	Supervision, customer accounts	8,447
902.00	Meter reading	5,059
903.00	Consumer records	658,116
907.00	Supv, consumer information	8,457
908.00	Consumer assistance	174,330
909.00	Consumer information	22,991
912.00	Demonstration and selling	5,682
920.00	Administrative	231,202
925.00	Injuries and damages	56,557
926.00	Employee benefits	0
930.00	Miscellaneous	36,412
935.00	Maintenance general plant	94,733
	Total	<u>4,412,549</u>

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4 South Kentucky Rural Electric Cooperative  
5 Case No. 2005-00450  
6 Capitalization Policies  
7 August 31, 2005  
50

51 Benefits include the following:

52	Medical insurance	1,346,847
53	Dental insurance	44,188
54	Life insurance	38,913
55	Disability insurance	47,761
56	Retirement	977,228
57	Savings plan	187,878
58	Employee sick leave	226,660
59	Postretirement benefits	472,800
60	Service awards and bonus	180,920
61	Workers' compensation	333,541
62	Payroll taxes	<u>555,813</u>
63		
64		<u>4,412,549</u>

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66  
67 South Kentucky accumulates all benefits, then allocates these to accounts based  
68 on the labor distribution for the month. The above is the actual allocation for  
69 the test year for the above benefits  
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South Kentucky Rural Electric  
Case No. 2005-00450  
**Schedule of Employee Benefits**  
August 31, 2005

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Benefits for the test year:	<u>Total</u>
Medical insurance	1,346,847
Dental insurance	44,188
Life insurance	38,913
Disability insurance	47,761
Retirement	977,228
Savings plan	187,878
Employee sick leave	226,660
Postretirement benefits	<u>472,800</u>
Total	<u><u>\$3,342,275</u></u>
Number of employees	156
Average annual cost per employee	\$21,425

Witness: Allen Anderson

South Kentucky Rural Electric  
Case No. 2005-00450  
August 31, 2005

Capital credits were paid as follows:

		<u>General</u>	<u>Estates</u>	<u>Total</u>
2005	8 mos	\$0	\$94,557	\$94,557
2004		672,160	142,328	814,488
2003		1,402,820	139,292	1,542,112
2002		1,617,224	680,528	2,297,752
2001		1,406,852	0	1,406,852
2000		1,427,592	0	1,427,592
Prior years		5,477,426	902,115	6,379,541
Total		<u>\$12,004,074</u>	<u>\$1,958,820</u>	<u>\$13,962,894</u>

South Kentucky does not have a formal Equity Management Plan. South Kentucky has been, and intends, to continue to pay capital credits. Since South Kentucky does not have an Equity Management Plan, there are no changes from its last general rate request.

1 South Kentucky Rural Electric  
2 Case No. 2005-00450  
3 **Statement of Operations**  
4 August 31, 2005

Exhibit V  
page 1 of 3  
Witness: Jim Adkins

	<u>2005</u>	<u>2004</u>
8 Operating revenue:		
9 Sale of electric Rural Electric	\$74,509,384	\$66,802,994
10 Other electric revenue	<u>1,696,244</u>	<u>1,680,904</u>
11		
12	<u>76,205,628</u>	<u>68,483,898</u>
13		
14 Operating expenses:		
15 Cost of power	55,306,974	48,123,579
16 Distribution-operations	3,130,878	2,887,778
17 Distribution-maintenance	4,272,903	5,347,622
18 Consumer accounts	3,054,098	2,941,096
19 Consumer service	372,386	628,387
20 Sales	15,669	15,809
21 Administrative and general	<u>3,037,191</u>	<u>3,071,057</u>
22		
23 Total operation and maintenance	69,190,099	63,015,328
24		
25 Depreciation	3,975,366	3,751,302
26 Taxes-other	78,215	72,243
27 Interest on long term debt	3,844,375	3,156,639
28 Other interest expense	37,416	40,882
29 Other deductions	<u>43,539</u>	<u>84,096</u>
30		
31 Total cost of electric service	<u>77,169,010</u>	<u>70,120,490</u>
32		
33 Utility operating margins	<u>(963,382)</u>	<u>(1,636,592)</u>
34		
35 Nonoperating margins, interest	247,061	265,313
36 Income (loss) in equity investments	(95,138)	127,453
37 Nonoperating margins, other	<u>54,355</u>	<u>49,269</u>
38	<u>206,278</u>	<u>442,035</u>
39 Patronage capital:		
40 G & T	-	3,223,668
41 Others	<u>104,862</u>	<u>80,914</u>
42	<u>104,862</u>	<u>3,304,582</u>
43		
44 Net margins	<u>(\$652,242)</u>	<u>\$2,110,025</u>
45		

South Kentucky Rural Electric  
Case No. 2005-00450

Exhibit V  
page 2 of 3

**Balance Sheet**  
August 31, 2005

Witness: Jim Adkins

	<u>2005</u>	<u>2004</u>
<u>ASSETS</u>		
Electric Plant:		
In service	\$141,510,456	\$133,450,045
Under construction	2,214,779	1,259,966
	<u>143,725,235</u>	<u>134,710,011</u>
Less accumulated depreciation	31,037,778	28,862,927
	<u>112,687,457</u>	<u>105,847,084</u>
Non utility property, at depreciated cost	<u>206,693</u>	<u>228,768</u>
Investments	<u>21,784,154</u>	<u>21,228,325</u>
Current Assets:		
Cash and temporary investments	5,207,173	7,272,281
Accounts receivable, net	4,843,113	2,654,583
Other receivables	786,664	534,310
Material and supplies	1,634,970	1,249,018
Prepayments	494,923	449,199
Other current assets	739,331	680,100
	<u>13,706,174</u>	<u>12,839,491</u>
Total Assets	<u>\$148,384,478</u>	<u>\$140,143,668</u>
<u>MEMBERS' EQUITIES AND LIABILITIES</u>		
Margins and Equities:		
Memberships	\$1,165,579	\$1,143,420
Patronage capital	48,443,922	49,829,958
	<u>49,609,501</u>	<u>50,973,378</u>
Long Term Debt	<u>82,325,075</u>	<u>75,676,719</u>
Accumulated Operating Provisions	<u>3,753,696</u>	<u>3,630,250</u>
Current Liabilities:		
Notes payable	802,692	-
Accounts payable	6,396,415	4,752,012
Consumer deposits	607,015	586,335
Accrued expenses	1,630,678	1,457,331
	<u>9,436,800</u>	<u>6,795,678</u>
Consumer advances for construction	679,941	643,316
Unclaimed capital credits	2,579,465	2,424,327
Total Members' Equities and Liabilities	<u>\$148,384,478</u>	<u>\$140,143,668</u>

1 South Kentucky Rural Electric  
2 Case No. 2005-00450  
3 **Statement of Cash Flows**  
4 August 31, 2005

Exhibit V  
page 3 of 3  
Witness: Jim Adkins

	<u>2005</u>	<u>2004</u>
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Cash Flows from Operating Activities:		
Net margins	(\$652,242)	\$2,110,025
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation		
Charged to expense	3,975,366	3,751,302
Charged to clearing accounts	834,741	794,279
Patronage capital credits	(104,862)	(3,432,036)
Accumulated postretirement benefits	123,446	94,857
Net change in current assets and liabilities:		
Receivables	(2,440,884)	(260,944)
Material and supplies	(385,952)	(134,113)
Prepayments	(104,955)	(53,555)
Accounts payables	1,644,403	(2,368,809)
Consumer deposits and advances	57,305	27,830
Accrued expenses	173,347	174,888
	<u>3,119,713</u>	<u>703,724</u>
Cash Flows from Investing Activities:		
Plant additions	(11,730,720)	(11,825,892)
Salvage recovered from plant retired Non utility property	80,240	82,057
	22,075	(38,348)
Additional investments, net of receipts	(450,967)	83,793
	<u>(12,079,372)</u>	<u>(11,698,390)</u>
Cash Flows from Financing Activities:		
Net increase in memberships	22,159	30,005
Other equities	235,339	302,170
Retirement of patronage capital	(813,995)	(1,463,646)
Additional long-term borrowings	8,993,470	9,000,000
Payments on long-term debt	(2,345,114)	(2,073,589)
Advance payments		(301,721)
Short term borrowings	802,692	-
	<u>6,894,551</u>	<u>5,493,219</u>
Net increase in cash	(2,065,108)	(5,501,447)
Cash balances - beginning	<u>7,272,281</u>	<u>12,773,728</u>
Cash balances - ending	<u>\$5,207,173</u>	<u>\$7,272,281</u>

South Kentucky Rural Electric Cooperative  
 Case No. 2005-00450  
 Comparison of Test Year Account Balances with  
 those of the Preceding Year - Balance Sheet  
 August 31, 2005

	September	October	November	December	January	February	March	April	May	June	July	August
360.00												
Land	52,264	52,264	52,264	52,264	52,264	52,264	52,264	52,264	52,264	52,264	52,264	52,264
Prior year	52,264	52,264	52,264	52,264	52,264	52,264	52,264	52,264	52,264	52,264	52,264	52,264
Change	0	0	0	0	0	0	0	0	0	0	0	0
362.00												
Station equipment	766,646	766,646	766,646	766,646	766,646	766,646	766,646	766,646	766,646	766,646	766,646	766,646
Prior year	736,029	736,029	736,029	766,567	766,567	766,567	766,567	766,567	766,567	766,646	766,646	766,646
Change	30,617	30,617	30,617	5,619	5,619	5,619	5,619	5,619	5,619	5,461	5,461	5,461
364												
Poles, towers & fixtures	35,855,783	35,996,330	36,151,209	36,327,804	36,480,842	36,646,932	36,773,684	37,003,699	37,155,572	37,327,056	37,543,646	37,722,490
Prior year	34,218,478	34,395,681	34,521,983	34,647,093	34,807,848	34,915,952	35,047,438	35,172,947	35,337,846	35,486,866	35,599,091	35,756,494
Change	1,637,305	1,600,649	1,629,226	1,680,711	1,672,994	1,730,980	1,726,246	1,830,752	1,817,726	1,840,190	1,944,555	1,965,996
365												
Overhead conduct & devic	36,299,426	36,409,769	36,597,479	36,751,243	36,913,321	37,110,365	37,295,682	37,563,908	37,679,976	37,900,222	38,179,308	38,411,066
Prior year	34,603,535	34,791,258	34,922,210	35,053,437	35,244,308	35,380,228	35,529,311	35,631,259	35,831,662	35,977,981	36,063,922	36,206,350
Change	1,695,891	1,618,511	1,675,269	1,697,806	1,669,013	1,730,137	1,766,371	1,932,649	1,848,314	1,922,241	2,115,386	2,204,716
366												
Underground conduit	285,973	287,785	289,894	292,570	295,743	298,207	300,664	302,174	304,390	306,512	308,281	310,989
Prior year	261,484	264,398	265,939	268,098	269,759	272,404	276,555	277,870	279,603	280,897	283,338	284,901
Change	24,489	23,387	23,955	24,472	25,984	25,803	24,109	24,304	24,787	25,615	24,943	26,088
367												
Underground cond & devic	2,244,029	2,270,676	2,279,344	2,340,252	2,401,622	2,445,943	2,489,815	2,533,011	2,550,539	2,611,287	2,614,346	2,654,010
Prior year	1,793,680	1,824,117	1,825,607	1,827,073	1,986,943	2,039,015	2,044,329	2,107,656	2,115,580	2,132,147	2,180,941	2,216,667
Change	450,349	446,559	453,737	513,179	414,679	406,928	445,486	425,355	434,959	479,140	433,405	437,343
368												
Transformers	20,147,530	20,269,744	20,537,318	20,589,450	20,723,666	20,743,177	20,770,670	20,892,838	20,928,409	21,022,153	21,110,660	21,503,692
Prior year	19,203,630	19,304,327	19,387,306	19,472,802	19,509,672	19,619,639	19,673,757	19,805,466	19,849,151	19,938,208	19,986,490	20,062,252
Change	943,900	965,417	1,150,012	1,116,648	1,213,994	1,123,538	1,096,913	1,087,372	1,079,258	1,083,945	1,124,170	1,441,440
369												
Services	13,969,173	14,060,805	14,164,967	14,288,662	14,380,250	14,443,410	14,521,265	14,608,188	14,695,913	14,790,694	14,914,996	15,032,672
Prior year	12,925,325	13,018,528	13,112,691	13,229,944	13,315,592	13,381,655	13,452,624	13,540,476	13,618,043	13,712,266	13,790,326	13,883,317
Change	1,043,848	1,042,277	1,052,276	1,058,718	1,064,658	1,061,755	1,068,641	1,067,712	1,077,870	1,078,428	1,124,670	1,149,355
370												
Meters	3,844,475	3,848,189	3,848,521	3,856,573	3,842,910	3,843,747	3,901,480	3,906,062	3,953,410	3,970,056	3,974,947	3,970,015
Prior year	3,685,409	3,712,316	3,726,681	3,753,415	3,746,206	3,735,710	3,710,511	3,743,469	3,765,701	3,801,332	3,815,688	3,843,141
Change	159,066	131,873	121,840	103,158	96,704	108,037	190,969	162,593	187,709	168,724	159,259	126,874
371												
Security lights	4,411,227	4,442,764	4,473,234	4,509,580	4,527,021	4,577,966	4,598,236	4,622,917	4,643,378	4,661,378	4,682,379	4,703,722
Prior year	4,095,071	4,119,527	4,138,024	4,165,340	4,190,820	4,214,756	4,235,810	4,292,028	4,308,947	4,337,571	4,357,824	4,393,292
Change	316,156	323,237	335,210	344,240	336,201	363,210	362,426	330,889	334,081	323,807	324,555	310,430
373												
Street lights	278,143	279,713	282,154	285,450	285,450	298,285	302,777	305,092	305,092	305,092	305,092	307,392
Prior year	210,525	210,525	211,132	211,832	259,860	260,742	260,983	278,169	278,169	277,756	277,756	277,756
Change	67,618	69,188	71,022	73,618	25,590	37,543	41,794	26,923	26,923	27,336	27,336	29,636
389												
Land	2,724,595	2,730,842	2,735,046	2,770,121	2,770,346	2,770,346	2,770,346	2,770,346	2,770,346	2,823,943	2,823,943	2,823,943
Prior year	2,038,213	2,048,989	2,063,520	2,445,790	2,447,865	2,578,491	2,584,137	2,584,137	2,584,396	2,595,821	2,607,421	2,724,595
Change	686,382	681,853	671,526	324,331	322,481	191,855	186,209	186,209	185,950	228,122	216,522	99,348
390												
Structures & improve	2,729,405	2,733,053	2,733,053	2,287,905	2,287,905	2,287,905	2,286,263	2,286,263	2,286,263	2,287,358	2,296,793	2,297,237
Prior year	2,493,005	2,493,005	2,496,958	2,498,187	2,572,428	2,590,199	2,590,199	2,651,294	2,798,460	2,842,776	2,947,235	2,723,272
Change	236,400	240,048	236,095	(210,282)	(284,523)	(302,294)	(303,936)	(365,031)	(512,197)	(555,418)	(650,442)	(426,035)
391												
Office furniture	427,001	427,001	427,001	427,001	427,001	427,001	429,370	429,370	434,000	434,000	434,000	434,000
Prior year	417,245	417,245	420,591	422,475	426,202	426,202	426,418	426,418	427,001	427,001	427,001	427,001
Change	9,756	9,756	6,410	4,526	799	799	2,952	2,952	6,999	6,999	6,999	6,999

South Kentucky Rural Electric Cooperative  
 Case No. 2005-00450  
 Comparison of Test Year Account Balances with  
 those of the Preceding Year - Balance Sheet  
 August 31, 2005

	September	October	November	December	January	February	March	April	May	June	July	August
396	Power operated Prior year Change	102,698 82,724 19,974	91,638 82,966 8,672	91,627 82,966 8,661	91,715 82,966 8,749	91,715 264,892 (173,177)	92,246 264,892 (172,646)	92,510 264,892 (172,382)	94,390 285,017 (190,627)	94,814 103,568 (8,754)	95,726 103,601 (7,875)	95,726 102,699 (6,973)
397	Communication Prior year Change	423,533 430,905 (7,372)	423,533 433,685 (10,152)	423,533 433,752 (10,219)	423,533 444,526 (20,993)	423,533 444,526 (20,993)	423,533 444,526 (21,286)	428,921 423,533 5,388	428,921 423,533 5,388	428,921 423,533 5,388	428,921 423,533 5,388	428,921 423,533 5,388
398	Miscellaneous Prior year Change	138,959 126,518 12,441	138,959 129,327 9,632	138,959 129,327 9,632	141,970 137,677 4,293	142,103 138,164 3,939	142,103 138,164 3,939	142,103 138,164 3,939	142,103 138,164 3,939	142,103 138,164 3,939	142,103 138,959 3,144	142,103 138,959 3,144
****	Total Electric Plant in Serv Prior year Change	133,984,404 126,320,784 7,663,620	134,522,995 126,997,621 7,525,374	135,292,186 127,612,903 7,679,283	135,527,671 128,567,784 6,959,887	136,174,182 129,519,317 6,654,865	137,317,408 131,043,008 6,274,400	138,276,379 131,602,864 6,673,515	138,936,208 132,277,011 6,659,197	139,681,627 132,365,728 7,315,899	140,503,165 132,926,280 7,576,885	141,510,456 133,450,045 8,060,411
107.12	CWIP - SCADA Prior year Change	5,540 26,639 (21,099)	5,540 27,082 (21,542)	5,540 28,101 (22,561)	5,541 2,009 (1,468)	541 2,432 (1,891)	682 2,677 (1,995)	682 3,060 (2,378)	682 3,222 (2,540)	682 3,814 (3,132)	682 3,814 (3,132)	682 5,540 (4,858)
107.13	CWIP - Link Prior year Change	2,460 11,720 (9,260)	2,718 13,614 (10,896)	2,803 13,863 (11,060)	167 86 87	772 347 425	1,375 1,083 292	1,375 1,721 (346)	1,375 1,883 (508)	1,375 1,883 (508)	1,375 2,219 (844)	1,375 2,219 (844)
107.14	CWIP - Radio system Prior year Change	0 0 0	0 0 0	0 0 0	474,741 474,741	486,168 486,168	486,168 486,168	605,267 605,267	605,267 605,267	605,283 605,283	748,015 748,015	750,544 750,544
107.20	Construction work in progr Prior year Change	1,032,981 370,252 662,729	1,113,860 374,948 738,912	944,005 396,605 547,400	980,482 629,686 350,796	964,502 392,324 572,178	1,159,994 669,804 490,190	898,478 741,543 156,935	1,120,091 761,705 358,386	1,210,256 904,765 305,491	1,203,609 940,700 262,909	912,875 892,730 20,145
107.80	CWIP - Buildings Prior year Change	0 0 0	0 0 0	0 0 0	503,241 503,241	549,197 549,197	549,303 549,303	549,303 549,303	549,303 549,303	549,303 549,303	549,303 549,303	549,303 549,303
****	Total CWIP Prior year Change	1,040,981 408,611 632,370	1,122,118 415,644 706,474	952,348 438,569 513,779	1,958,631 629,686 1,328,945	1,951,145 394,419 1,556,726	2,197,522 673,564 1,523,958	2,055,105 746,324 1,308,781	2,276,718 766,810 1,509,908	2,366,899 910,462 1,456,437	2,502,984 946,733 1,556,251	2,214,779 900,489 1,314,290
108.6	Res - distribution plant Prior year Change	22,537,636 21,321,665 1,215,971	22,668,483 21,329,267 1,339,216	22,783,810 21,475,019 1,308,791	22,924,331 21,625,477 1,298,854	23,006,195 21,673,280 1,332,915	23,206,781 21,885,052 1,321,729	23,206,075 22,011,123 1,194,952	23,325,437 22,081,717 1,243,720	23,384,507 22,200,772 1,183,735	23,431,357 22,328,895 1,102,462	23,479,595 22,385,591 1,094,004
108.70	Res - office furn Prior year Change	310,956 300,195 10,761	311,816 301,101 10,715	312,637 302,019 10,618	313,404 302,919 10,485	314,172 303,832 10,340	315,646 305,636 10,010	316,325 306,535 9,790	317,026 307,436 9,590	317,723 308,330 9,393	318,319 309,211 9,108	318,912 310,092 8,820
108.71	Res - transportation Prior year Change	3,762,213 3,704,629 57,584	3,830,349 3,768,191 62,158	3,898,496 3,810,265 88,231	3,966,672 3,874,084 92,588	4,035,276 3,937,481 97,795	4,172,145 4,070,143 102,002	4,241,611 4,020,596 221,015	4,313,020 4,008,522 304,498	4,362,878 3,559,773 803,105	4,434,920 3,626,808 808,112	4,507,071 3,694,076 812,995
108.72	Res - tools, power operated Prior year Change	69,739 66,292 3,447	57,764 66,596 (8,832)	58,037 66,900 (8,863)	58,521 67,197 (8,676)	58,812 67,492 (8,680)	59,782 71,701 (11,919)	59,976 73,802 (13,826)	60,470 76,104 (15,634)	60,967 69,310 (8,343)	61,474 69,694 (8,220)	61,980 69,267 (7,287)





South Kentucky Rural Electric Cooperative  
 Case No. 2005-00450  
 Comparison of Test Year Account Balances with  
 those of the Preceding Year - Balance Sheet  
 August 31, 2005

	September	October	November	December	January	February	March	April	May	June	July	August
123.24 CFC CTC's	160,834	160,834	160,834	160,834	160,834	160,834	154,716	154,716	154,716	154,716	154,716	154,716
Prior year	164,887	164,887	164,887	164,887	164,887	164,887	160,834	160,834	160,834	160,834	160,834	160,834
Change	(4,053)	(4,053)	(4,053)	(4,053)	(4,053)	(4,053)	(6,118)	(6,118)	(6,118)	(6,118)	(6,118)	(6,118)
124.00 Economic development loans												
Prior year	0	0	0	0	0	0	0	0	0	0	0	0
Change	0	0	0	0	0	0	0	0	0	0	0	0
**** Total Investments	21,260,373	21,260,373	21,260,373	21,165,235	21,165,235	21,168,161	21,162,043	21,162,043	21,412,043	21,413,982	21,803,451	21,784,154
Prior year	17,900,461	17,898,588	17,898,588	21,249,710	21,249,710	21,247,799	21,243,746	21,243,746	21,243,746	21,243,746	21,243,746	21,228,325
Change	3,359,912	3,361,785	3,361,785	(84,475)	(84,475)	(79,638)	(81,703)	(81,703)	168,297	170,236	559,705	555,829
131.10 Cash - Cumberland Securit	303,881	755,975	1,660,691	429,762	1,658,229	969,781	497,689	583,635	850,057	1,572,113	904,749	1,112,442
Prior year	899,317	485,993	636,134	707,732	1,239,289	407,383	845,819	170,168	664,624	1,681,588	794,823	1,110,506
Change	(595,436)	269,982	1,024,557	(277,970)	418,940	562,398	(348,130)	413,467	185,433	(109,475)	109,926	1,936
131.11 Payroll	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Prior year	1,000	1,000	1,000	155,459	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Change	0	0	0	(154,459)	0	0	0	0	0	0	0	0
131.51 Area Bank - Somerset	13,464	13,660	13,770	14,026	14,131	14,519	14,782	15,006	15,210	15,348	15,541	15,646
Prior year	11,472	11,679	11,809	12,084	12,209	12,361	12,684	12,872	13,005	13,131	13,199	13,288
Change	1,992	1,981	1,961	1,942	1,922	2,158	2,098	2,134	2,205	2,217	2,342	2,358
131.53 Area Bank - Russell Spring	3,456	3,456	3,456	3,456	3,456	3,456	3,456	3,456	3,456	3,456	3,456	3,456
Prior year	3,465	3,465	3,465	3,465	3,465	3,465	3,465	3,466	3,465	3,465	3,456	3,456
Change	(9)	(9)	(9)	(9)	(9)	(9)	(9)	(10)	(9)	(9)	0	0
131.54 McCreary Nat'l Bank	65,372	69,860	74,183	79,175	84,631	26,206	33,060	37,796	41,731	46,331	50,153	55,409
Prior year	98,505	102,283	104,686	109,677	28,327	34,441	40,893	44,525	48,438	53,119	56,952	61,227
Change	(33,133)	(32,423)	(30,503)	(30,502)	56,304	(8,235)	(7,833)	(6,729)	(6,707)	(6,788)	(6,799)	(5,818)
131.95 Citizens - Somerset	500	500	500	500	500	500	500	500	500	500	500	500
Prior year	500	500	500	500	500	500	500	500	500	500	500	500
Change	0	0	0	0	0	0	0	0	0	0	0	0
135.00 Working funds	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000
Prior year	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000
Change	0	0	0	0	0	0	0	0	0	0	0	0
135.11 Expense advance	30	30	30	30	30	30	30	30	30	30	30	30
Prior year	30	30	30	30	30	30	30	30	30	30	30	30
Change	0	0	0	0	0	0	0	0	0	0	0	0
135.12 Working funds, temporary												
Prior year	0	500	1,500	1,500	1,500	300	500	500	500	300	172	2,000
Change	0	(500)	0	0	0	0	0	0	0	0	600	2,000
**** Total Cash	398,703	855,481	1,764,630	540,449	1,772,977	1,026,792	562,017	652,423	922,984	1,811,314	986,601	1,201,483
Prior year	1,025,289	616,450	768,624	999,947	1,295,820	470,480	915,391	243,561	742,062	1,764,283	881,560	1,201,007
Change	(626,586)	239,031	996,006	(459,498)	477,157	556,312	(353,374)	408,862	180,922	47,031	105,041	476
136.00 CFC Commercial paper												
Prior year	3,000,432	3,700,809	3,855,674	4,345,986	2,775,000	2,000,000	3,117,195	2,513,000	2,000,000	0	0	0
Change	(3,000,432)	2,874,191	3,855,674	4,345,986	2,775,000	2,000,000	3,117,195	2,513,000	2,000,000	0	0	0

South Kentucky Rural Electric Cooperative  
 Case No. 2005-00450  
 Comparison of Test Year Account Balances with  
 those of the Preceding Year - Balance Sheet  
 August 31, 2005

	September	October	November	December	January	February	March	April	May	June	July	August
136.01	KAEC Detox certi Prior year Change	5,000 5,000 0										
136.10	Cumberland Security Prior year Change	2,737,366 5,381,240 (2,643,874)	2,740,714 5,389,797 (2,649,083)	2,743,955 5,398,078 (2,654,123)	2,747,304 5,406,087 (2,658,783)	2,750,652 5,414,113 (2,663,461)	2,753,800 5,421,362 (2,667,562)	2,757,315 5,437,156 (2,676,438)	2,760,718 5,445,182 (2,680,947)	2,770,422 5,459,094 (2,688,672)	2,777,392 5,472,810 (2,695,418)	2,605,614 5,488,125 (2,882,511)
136.11	Bank of McCreary Co Prior year Change	121,428 224,518 (103,090)	59,988 88,021 (28,033)	89,596 112,835 (23,239)	63,308 69,035 (5,727)	132,189 129,491 2,698	120,095 207,525 (87,430)	179,687 102,678 77,009	150,294 72,289 78,005	122,313 218,226 (95,913)	86,886 187,477 (100,591)	115,053 101,644 13,409
136.12	Citizens - Albany Prior year Change	85,563 264,094 (178,531)	51,125 68,461 (17,336)	92,480 103,452 (10,972)	49,847 54,339 (4,492)	90,172 101,632 (11,460)	84,409 99,090 14,681	141,710 71,063 70,647	70,764 51,362 19,402	91,632 258,441 (166,809)	73,360 162,986 (89,626)	104,185 74,501 29,684
136.13	Monticello Banking Prior year Change	146,700 290,336 (143,636)	57,746 64,510 (6,764)	74,999 149,699 (74,700)	56,554 51,443 5,111	113,471 123,121 (9,650)	142,247 280,634 (138,387)	178,362 139,027 39,335	91,051 75,354 15,697	132,689 283,807 (151,118)	114,336 215,044 (100,708)	122,742 114,447 8,295
136.14	1st Nat'l Russel Springs Prior year Change	125,101 228,919 (103,818)	57,727 84,161 (26,434)	75,277 106,759 (31,482)	58,771 58,714 57	114,051 135,160 (21,109)	107,511 210,073 (102,562)	161,737 123,083 38,654	86,500 60,175 26,325	110,729 221,263 (110,534)	68,250 185,815 (117,565)	125,766 119,712 6,054
136.16	Citizens Nat'l - Somerset Prior year Change	46,032 547,424 (501,392)	62,798 27,833 34,965	78,826 38,314 40,512	94,287 59,694 34,593	116,611 37,760 78,851	30,587 60,722 (30,135)	85,707 27,968 57,739	103,881 46,867 57,014	31,355 62,074 (30,719)	51,310 80,039 (28,729)	78,841 31,853 46,988
136.17	Bank of Jamestown Prior year Change	100,598 (100,598)	100,768 (100,768)	100,934 (100,934)	101,105 (101,105)	101,276 (101,276)	101,431 (101,431)	101,770 (101,770)	101,943 (101,943)	0	0	0
136.19	Capital credit - Cumb Sec Prior year Change	305,137 149,779 155,358	305,137 149,779 155,358	305,117 149,779 155,338	305,075 135,555 169,520	305,075 148,698 156,377	305,075 148,698 156,377	304,949 148,698 156,251	304,949 148,698 156,251	343,510 148,698 194,812	343,454 305,137 38,317	343,332 305,137 38,195
136.21	1st Nat'l - Russell Springs Prior year Change	502,712 904,394 (401,682)	503,562 905,770 (402,208)	504,384 907,101 (402,717)	505,233 908,477 (403,244)	506,082 909,853 (403,771)	506,849 911,096 (404,247)	507,699 912,472 (404,773)	508,521 913,803 (405,282)	509,370 915,179 (405,809)	502,414 500,192 2,222	504,007 501,890 2,117
136.22	Casey Co Bank Prior year Change	501,804 1,003,459 (501,655)	502,780 1,004,786 (502,006)	503,726 1,006,070 (502,344)	504,702 1,007,389 (502,687)	505,679 1,008,708 (503,029)	506,570 1,009,865 (503,295)	507,558 1,011,203 (503,645)	508,514 1,012,497 (503,983)	509,502 1,013,835 (504,333)	511,422 507,386 4,036	500,859 (500,859)
136.24	Citizens - Albany Prior year Change	505,062 503,536 1,526	505,893 504,606 1,287	506,751 505,642 1,109	507,511 506,681 830	508,266 507,577 689	509,025 508,731 294	509,784 509,463 321	510,543 509,849 694	511,302 509,463 1,839	511,422 507,386 4,036	500,859 (500,859)
136.26	Monticello Banking Prior year Change	752,511 1,505,696 (753,185)	753,694 1,508,371 (754,677)	754,840 1,510,960 (756,120)	756,026 1,513,636 (757,610)	757,211 1,516,311 (759,100)	758,400 1,519,000 (760,600)	759,589 1,521,689 (762,100)	760,778 1,524,388 (763,610)	761,967 1,527,087 (765,120)	763,156 1,529,786 (766,630)	751,370 (751,370)
136.27	Bank of McCreary Co Prior year Change	325,813 653,096 (327,283)	326,255 654,669 (328,414)	326,684 656,192 (329,508)	327,128 657,765 (330,637)	327,573 658,336 (330,763)	328,017 658,905 (330,888)	328,461 659,474 (331,013)	328,905 660,043 (331,138)	329,349 660,612 (331,263)	329,793 661,181 (331,388)	325,384 (325,384)

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	September	October	November	December	January	February	March	April	May	June	July	August
136.9 Capital credit - Citizens Na	1,148	1,148	1,148	1,148	1,148	1,148	1,149	1,149	1,150	1,150	1,150	1,150
Prior year	1,145	1,145	1,145	1,145	1,146	1,146	1,146	1,147	1,147	1,147	1,147	1,147
Change	3	3	3	3	2	2	3	2	3	3	3	3
**** Temporary investments	6,161,377	12,508,567	9,918,457	10,070,369	7,993,181	6,814,246	8,110,100	7,643,637	6,790,720	4,620,081	4,534,974	4,005,690
Prior year	14,763,666	14,258,486	10,751,960	10,536,065	10,796,772	11,244,349	10,876,198	10,813,816	10,619,758	8,051,958	7,754,505	6,071,275
Change	(8,602,289)	(1,749,919)	(833,503)	(465,696)	(2,803,591)	(4,430,103)	(2,766,098)	(3,170,179)	(3,829,038)	(3,431,877)	(3,219,531)	(2,065,585)
141.00 Note rec - S-5 loans	3,327	1,411	(32)	70	11	0	0	0	0	0	0	0
Prior year	(3,327)	(1,411)	32	(70)	(11)	0	0	0	0	0	0	0
Change												
141.02 Note rec - S-12 loans	77,421	68,921	64,694	57,920	54,164	49,043	45,256	41,015	36,343	33,689	31,186	28,020
Prior year	239,809	178,680	167,630	158,220	145,860	135,084	126,211	117,928	109,440	97,904	90,434	83,504
Change	(162,388)	(109,759)	(102,936)	(100,300)	(91,696)	(86,041)	(80,955)	(76,913)	(73,097)	(64,215)	(59,248)	(55,484)
141.10 Allowance - S-5 loans	(35,280)	(35,377)	(35,437)	0	74	(41)	(1,059)	(1,079)	(1,124)	(1,182)	(1,222)	(1,317)
Prior year	(93,803)	(33,938)	(34,100)	(33,707)	(34,111)	(34,359)	(33,932)	(34,152)	(33,735)	(34,167)	(34,376)	(34,717)
Change	58,523	(1,439)	(1,337)	33,707	34,185	34,318	32,873	33,073	32,611	32,985	33,154	33,400
141.11 Allowance - S-12 loans	(48,609)	(48,785)	(48,940)	(721)	(896)	(946)	(1,150)	829	779	(2,014)	(2,064)	(2,286)
Prior year	(50,864)	(49,630)	(49,705)	(49,346)	(47,312)	(48,868)	(49,193)	(49,540)	(49,609)	(49,958)	(47,804)	(47,804)
Change	2,255	845	765	48,625	46,416	47,922	48,043	50,369	50,388	47,944	45,530	45,518
**** Notes receivable (net)	(6,468)	(15,241)	(19,683)	57,199	53,342	48,056	43,047	40,765	35,998	30,493	27,900	24,417
Prior year	98,469	96,523	83,793	75,237	64,448	51,857	43,086	34,236	26,096	13,779	8,464	983
Change	(104,937)	(111,764)	(103,476)	(18,038)	(11,106)	(3,801)	(39)	6,529	9,902	16,714	19,436	23,434
142.10 Accounts receivable	3,405,778	2,888,062	2,909,982	4,179,607	4,591,424	4,956,205	4,350,868	4,284,021	3,573,762	3,605,875	4,948,338	4,087,050
Prior year	2,805,020	2,149,125	3,389,698	3,609,909	4,402,112	5,135,629	3,731,149	4,305,046	3,308,323	3,263,308	3,530,543	3,039,721
Change	600,758	738,937	(479,716)	569,698	189,312	(179,424)	619,719	(21,025)	265,439	342,567	1,417,795	1,047,329
142.11 Adjustments	(32)	(32)	386	368	368	86	(65)	(65)	154	364	420	504
Prior year	(175)	(175)	(175)	368	368	86	0	138	138	(86)	(159)	22
Change	(32)	(32)	561	368	368	86	0	(203)	16	450	579	482
142.13 Crisis	1,365	(145)	305	52	114,473	193,314	114,084	23,478	3,072	1,026	1,322	807
Prior year	224			120,412	167,321	58,771	72,419	58,771	3,570	2,392	1,293	859
Change	1,141	(145)	305	52	(5,939)	25,993	41,665	(35,293)	(498)	(1,366)	29	(52)
142.20 Return checks	100	100	100	100	100	100	100	100	100	100	100	100
Prior year	100	100	100	100	100	100	100	100	100	100	100	100
Change												
142.30 Billing lag	0	0	0	1,143,068	(20,532)	1,143,068	1,143,068	1,143,068	1,143,068	1,143,068	1,143,068	269,376
Prior year				1,143,068	(20,532)	1,143,068	1,143,068	1,143,068	1,143,068	1,143,068	1,143,068	269,376
Change												
142.31 Fuel lag	0	0	0	883,153	1,383,051	1,312,915	853,348	604,801	597,242	154,897	518,359	585,427
Prior year				883,153	1,383,051	1,312,915	853,348	604,801	597,242	154,897	518,359	585,427
Change												
143.00 Other receivables	623,126	651,438	652,902	1,462,136	1,404,865	1,196,490	595,825	683,211	694,091	691,151	740,635	741,799
Prior year	81,486	79,070	24,233	887,013	847,680	638,710	26,999	14,214	18,630	237,208	308,414	512,514
Change	541,640	572,368	628,669	575,123	557,185	557,780	568,826	668,997	675,461	453,943	432,221	229,285

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	September	October	November	December	January	February	March	April	May	June	July	August
143.01 Services corporation	3,480	4,838	2,184	53,722	56,115	61,147	11,675	13,671	10,051	10,891	1,142	1,125
Prior year	9,394	1,431	1,408	51,451	52,746	1,374	1,105	1,341	2,028	4,545	8,413	9,474
Change	(5,914)	3,407	776	2,271	3,369	59,773	10,570	12,330	8,023	6,346	(7,271)	(8,349)
143.03 Employee medical	15,051	27,062	22,830	13,815	29,111	35,383	19,853	38,582	20,416	22,263	40,403	22,771
Prior year	10,991	9,717	13,756	14,997	28,842	36,704	15,864	23,477	20,004	13,597	21,840	22,417
Change	4,060	17,345	9,074	(1,182)	269	(1,321)	3,989	15,105	412	8,666	18,563	354
143.05 Blue Cross medical	(10,995)	(9,135)	(6,653)	(11,019)	(11,717)	(12,244)	(15,184)	(12,929)	(12,666)	(11,757)	(11,249)	(9,801)
Prior year	(11,896)	(9,541)	(9,518)	(10,074)	(17,783)	(14,936)	(15,864)	(16,140)	(13,546)	(12,591)	(11,032)	(10,531)
Change	901	406	2,865	(945)	6,066	2,692	680	3,211	880	834	(217)	730
143.11 Employee uniforms	468	465	255	515	1,229	510	325	190	148	344	10	69
Prior year	370	174	150	(9)	106	75	(43)	141	283	235	(81)	(69)
Change	98	291	105	524	1,123	435	368	49	(135)	109	91	(69)
143.13 Employee Colonial accider	13	13	13	106	106	106	106	106	109	112	170	173
Prior year	45	97	99	18	18	19	18	10	13	13	13	13
Change	(32)	(84)	(86)	88	88	87	88	96	96	99	157	160
143.14 Employee cancer ins	911	(4,315)	1,009	1,073	1,063	1,048	1,007	1,055	1,117	1,220	1,260	1,320
Prior year	(2,876)	(2,203)	(2,619)	(2,591)	(1,942)	(864)	(402)	(115)	395	698	970	1,518
Change	3,787	(2,112)	3,628	3,664	3,005	1,912	1,409	1,170	722	522	290	(198)
143.16 Employee life ins	165	17	(125)	(4)	(24)	(16)	(54)	(76)	(91)	(84)	(81)	(73)
Prior year	73	80	58	60	36	43	43	38	46	39	(34)	32
Change	92	(63)	(183)	(64)	(60)	(59)	(97)	(114)	(137)	(123)	(47)	(105)
143.17 Employee dental ins	(1,001)	(860)	(555)	(552)	(386)	(532)	(1,360)	(1,045)	(1,186)	(993)	(1,155)	(896)
Prior year	686	1,292	658	334	(1,618)	(1,191)	(1,143)	(1,268)	(1,554)	(1,329)	(975)	(1,062)
Change	(1,687)	(2,152)	(1,213)	(886)	1,232	659	(217)	223	368	336	(180)	166
143.19 Employee Ky Home life in:	111	111	111	111	111	111	111	111	131	186	225	248
Prior year	(363)	(56)	(47)	76	94	111	111	111	111	111	111	111
Change	474	167	158	35	17	0	0	0	20	75	114	137
143.20 Retired employee life	829	653	361	264	112	64	22	(18)	(64)	(100)	(138)	(174)
Prior year	18	229	392	438	268	426	336	280	386	530	584	659
Change	811	424	(31)	(174)	(156)	(362)	(314)	(298)	(450)	(630)	(722)	(833)
143.24 Employee BC/BS life ins	(264)	(257)	(392)	287	303	319	343	352	376	(164)	432	407
Prior year	(363)	(372)	(373)	(391)	(400)	(393)	(402)	(420)	(395)	(422)	(253)	(246)
Change	99	115	(19)	678	703	712	745	772	771	258	685	653
143.25 Employee Guardian life ins	(123)	(42)	92	(236)	(237)	(267)	(267)	(267)	(260)	(389)	(239)	(148)
Prior year	(123)	(42)	92	(236)	(237)	(267)	(267)	(267)	(260)	(401)	(383)	(314)
Change	0	0	0	0	0	0	0	0	0	0	144	166
143.30 Employee clothing purchas	1,837	2,504	1,745	1,581	1,848	1,212	734	838	857	927	753	904
Prior year	1,622	1,355	909	1,230	685	1,830	2,115	1,814	1,794	1,911	1,416	1,462
Change	215	1,149	836	351	1,163	(618)	(1,381)	(976)	(937)	(984)	(663)	(558)
143.32 Employee United Way	(804)	(227)	(453)	(301)	(481)	(660)	(660)	(839)	(359)	(359)	(179)	(359)
Prior year	(734)	(241)	(483)	(445)	(711)	(711)	(660)	(235)	(468)	(345)	(345)	(575)
Change	(70)	14	30	144	230	230	0	(604)	109	0	166	216

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	September	October	November	December	January	February	March	April	May	June	July	August	
143.33	EKPC incentive Prior year Change	10,186 13,591 (3,405)	18,463 18,689 (226)	23,006 18,484 4,522	34,467 10,688 23,779	25,091 8,860 16,231	30,247 10,667 19,580	15,382 5,241 10,141	5,943 4,457 1,486	6,795 5,019 1,776	2,154 5,084 (2,930)	3,245 4,664 (1,419)	4,966 7,144 (2,178)
143.34	Employee Acre Prior year Change	(152) 2,282 (2,434)	(300) 2,127 (2,427)	(444) 1,973 (2,417)	(593) 1,814 (2,407)	(718) 2,259 (2,977)	(850) 1,432 (2,282)	(1,094) 1,122 (2,216)	(1,225) 968 (2,193)	(1,354) 814 (2,168)	(1,354) 814 (2,168)	(314) 314 (0)	(130) (4) (126)
143.37	Employee uniform cleaning Prior year Change	33 10 23	33 21 12	13 21 (8)	83 33 50	(27) 11 (38)	(27) 11 (38)	(27) 22 (49)	(27) 22 (49)	(27) 33 (60)	(27) 33 (60)	(44) 11 (55)	14 22 (8)
143.90	Allowance for other uncollectible Prior year Change	(9,376) (9,376)	(9,376) (9,376)	(9,376) 0	(9,376) 9,376								
144.10	Allowance for uncollectible Prior year Change	(339,036) (272,553) (66,483)	(317,714) (244,371) (73,343)	(359,712) (319,946) (39,766)	(358,134) (329,549) (28,585)	(367,532) (341,973) (25,559)	(378,405) (360,780) (17,625)	(373,743) (363,993) (9,750)	(399,891) (371,236) (28,655)	(406,618) (386,065) (20,553)	(418,327) (395,131) (23,196)	(399,224) (399,849) 625	(396,382) (386,019) (10,363)
****	Total Receivables Prior year Change	3,701,670 2,637,027 1,064,643	3,251,356 2,006,623 1,244,733	3,237,584 3,109,302 128,282	7,403,970 4,226,071 3,177,899	7,207,896 5,090,592 2,117,304	8,539,503 5,606,101 2,933,402	6,714,594 3,465,479 3,249,115	6,383,276 4,012,192 2,371,084	5,628,993 2,950,326 2,678,667	5,201,383 3,111,595 2,089,788	6,987,573 3,455,565 3,532,008	5,309,028 3,187,910 2,121,118
151.00	Fuel stock Prior year Change	16,369 14,389 1,980	26,755 14,393 12,362	28,730 15,614 13,116	22,571 15,000 7,571	21,441 13,513 7,928	23,561 15,100 8,461	20,384 12,737 7,647	22,253 13,104 9,149	18,917 18,399 518	20,093 11,246 8,847	19,771 17,270 2,501	31,970 19,366 12,604
154.10	Material and supplies Prior year Change	858,814 787,248 71,566	912,200 809,568 102,632	902,471 858,289 44,182	892,090 823,719 68,371	938,752 861,745 77,007	959,909 884,226 75,683	1,001,063 835,765 165,298	1,043,990 873,327 170,663	1,076,071 856,475 219,596	1,140,355 826,009 314,346	1,284,274 890,355 393,919	1,261,124 918,731 342,393
154.20	Vehicle parts inventory Prior year Change	200,118 173,390 26,728	200,009 198,155 1,854	211,445 197,444 14,001	211,217 197,456 13,761	205,379 195,997 9,382	207,715 198,398 9,317	206,006 196,160 9,846	211,917 198,750 13,167	211,598 195,514 16,084	210,882 201,253 9,629	207,258 201,122 6,136	212,977 196,224 16,753
155.11	Water heaters Prior year Change	44,123 38,251 5,872	37,206 50,337 (13,131)	30,712 40,997 (10,285)	23,605 35,347 (11,742)	63,684 25,297 38,387	56,793 53,204 3,589	50,933 48,159 2,774	43,416 39,392 4,024	33,807 31,717 2,090	29,473 76,991 (47,518)	69,792 69,984 (192)	64,391 47,929 16,462
155.13	Meter base poles Prior year Change	40,062 46,856 (6,794)	51,982 54,151 (2,169)	48,165 49,922 (1,757)	47,467 47,784 (317)	47,080 45,807 1,273	53,023 43,463 9,560	50,814 37,792 13,022	44,534 29,929 14,605	46,387 35,961 10,426	40,779 34,513 6,266	48,536 34,854 13,682	43,513 38,354 5,159
155.20	ETS heaters Prior year Change	27,262 34,168 (6,906)	66,836 65,913 923	44,634 45,780 (1,146)	37,110 45,007 (7,897)	25,211 39,139 (14,052)	25,211 37,189 (11,978)	22,141 35,397 (13,256)	20,963 35,397 (14,434)	21,013 34,386 (13,373)	20,995 34,386 (13,391)	20,995 34,386 (13,391)	20,995 28,414 (7,419)
****	Total Material & Supplies Prior year Change	1,186,748 1,094,302 92,446	1,294,988 1,192,517 102,471	1,266,157 1,208,046 58,111	1,234,060 1,164,313 69,747	1,301,423 1,181,498 119,925	1,326,212 1,231,580 94,632	1,351,341 1,166,010 185,331	1,387,073 1,189,899 197,174	1,407,793 1,172,452 235,341	1,462,577 1,184,398 278,179	1,650,626 1,247,971 402,655	1,634,970 1,249,018 385,952
165.1	Prepaid insurance Prior year Change	338,455 347,434 (8,979)	271,382 277,197 (5,815)	557,485 208,423 349,062	473,255 116,069 357,186	409,489 337,994 71,495	346,848 286,334 60,514	284,412 234,569 49,843	221,730 182,244 39,486	158,968 129,984 28,984	593,633 545,434 48,199	514,227 466,655 47,572	448,001 402,993 45,008

South Kentucky Rural Electric Cooperative  
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 August 31, 2005

Exhibit W  
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 Witness: Jim Adkins

	September	October	November	December	January	February	March	April	May	June	July	August
165.20	Prepaid dues 30,480 Prior year 29,860 Change 620	20,320 19,907 413	10,160 9,953 207	0	51,696 50,801 895	41,357 40,641 716	31,018 30,480 538	20,678 20,320 358	10,339 10,160 179	60,961 (60,961)	51,696 50,801 895	41,357 40,641 716
165.21	Prepaid NRECA insurance Prior year Change	3,194 (3,194)	1,597 (1,597)	0	0	0	0	0	0	0	0	0
165.22	Transformer program Prior year Change	5,565 5,565 0	5,565 5,565 0	5,565 5,565 0	5,565 5,565 0	5,565 5,565 0	5,565 5,565 0	5,565 5,565 0	5,565 5,565 0	5,565 5,565 0	5,565 5,565 0	5,565 5,565 0
****	Total Prepayments Prior year Change	374,500 387,650 (13,150)	297,267 305,863 (8,596)	573,210 225,538 347,672	478,820 121,634 357,186	466,750 394,360 72,390	393,770 332,540 61,230	247,973 208,129 39,844	174,872 145,709 29,163	599,198 611,960 (12,762)	571,488 523,021 48,467	494,923 449,199 45,724
171.00	Interest receivable Prior year Change	35,412 33,509 (97)	6,015 6,015 0	11,836 11,836 0	17,852 19,487 (1,635)	23,867 23,867 0	29,300 29,494 (194)	5,821 5,821 0	11,836 11,836 0	17,658 17,658 0	23,673 23,673 0	29,688 29,688 0
172.00	Joint use rents Prior year Change	675,000 639,000 36,000	750,000 710,000 40,000	825,000 781,000 44,000	0	79,000 75,000 4,000	158,000 150,000 8,000	316,000 300,000 16,000	395,000 375,000 20,000	474,000 450,000 24,000	553,000 525,000 28,000	632,000 600,000 32,000
****	Total Other Current Assets Prior year Change	710,412 674,509 35,903	756,015 716,015 40,000	836,836 792,836 44,000	17,852 19,487 (1,635)	102,867 98,867 4,000	187,300 179,494 7,806	321,821 305,821 16,000	406,836 386,836 20,000	491,658 467,658 24,000	576,673 548,673 28,000	661,688 629,688 32,000
184.00	Transportation Prior year Change	(5) (12) 7	44 10 34	6 (6) 12	8 15 (7)	(3) (6) 3	12 15 (7)	3 12 (9)	19,208 15 19,193	29,223 3 29,220	60,173 10 60,163	77,643 (2) 77,645
184.21	General plant purchased Prior year Change	376,562 376,562	495,303 495,303	495,854 495,854	36,125 36,125	38,270 38,270	38,270 38,270	38,508 38,508	0 0	0 0	178,198 (178,198)	359,478 (359,478)
186.10	Environmental surcharge Prior year Change	0	0	0	0	0	0	0	0	0	0	296,332
186.13	Minor material issued Prior year Change	12,390 12,285 105	22,737 30,955 (8,218)	30,311 32,317 (2,006)	28,362 28,656 (294)	25,629 25,398 231	17,436 18,456 (1,020)	10,921 10,677 244	10,641 8,019 2,622	3,810 (3,810)	2,221 2,170 51	296,332
186.03	Miscellaneous Prior year Change	33,608 10,333 23,275	26,215 (19,746) 45,961	6,847 (14,063) 20,910	64,487 28,656 35,831	63,896 25,392 38,504	55,714 18,471 37,243	16,253 61,096 (44,843)	5,329 50,407 (45,078)	5,329 50,412 (45,083)	2,664 50,412 (47,748)	373,975
****	Total Deferred Debits Prior year Change	422,555 22,606 399,949	544,299 11,219 533,080	533,012 18,260 514,752	64,487 28,656 35,831	63,896 25,392 38,504	55,714 18,471 37,243	16,253 61,096 (44,843)	5,329 50,407 (45,078)	5,329 50,412 (45,083)	2,664 50,412 (47,748)	373,975
*****	Total Assets and Debits Prior year Change	140,368,685 137,790,012 2,578,673	147,317,641 136,877,950 10,439,691	146,314,150 135,060,227 11,253,923	148,995,071 139,548,437 9,446,634	148,533,489 141,887,816 6,645,673	148,444,007 142,916,900 5,527,107	147,966,731 141,877,661 6,089,070	147,611,440 141,711,091 5,900,349	147,167,145 141,423,047 5,744,098	149,536,039 141,206,698 8,329,341	148,384,478 140,143,668 8,240,810

South Kentucky Rural Electric Cooperative  
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 August 31, 2005

	September	October	November	December	January	February	March	April	May	June	July	August
**** Memberships issued	1,146,060	1,144,865	1,147,020	1,149,330	1,151,190	1,155,705	1,154,135	1,157,640	1,159,050	1,160,739	1,164,120	1,165,579
Prior year	1,116,215	1,118,065	1,121,205	1,123,745	1,122,735	1,125,715	1,129,440	1,134,360	1,137,005	1,136,545	1,140,740	1,143,420
Change	29,845	26,800	25,815	25,585	28,455	29,990	24,695	23,280	22,045	24,194	23,380	22,159
201.10 Patrons capital credits	46,317,537	45,634,268	45,618,976	45,602,397	46,715,137	46,706,988	46,687,158	46,680,710	46,675,592	46,659,154	46,649,242	49,611,338
Prior year	47,863,858	45,733,160	45,721,470	46,416,886	48,667,142	48,659,579	48,644,156	48,634,613	48,624,813	46,346,587	46,338,278	46,331,469
Change	(1,546,321)	(98,892)	(102,494)	(814,489)	(1,952,005)	(1,952,591)	(1,956,998)	(1,953,903)	(1,949,221)	312,567	310,964	3,279,869
201.20 Pat cap- assignable	2,274,402	2,274,402	2,274,402	2,274,402	2,274,402	2,274,402	2,274,402	2,274,402	2,274,402	2,274,402	2,274,402	2,274,402
Prior year	(1)	721,703	721,703	(3)	(3)	(3)	(3)	(3)	(3)	0	0	2,274,402
Change	2,274,403	1,552,699	1,552,699	2,274,405	2,274,405	2,274,405	2,274,405	2,274,405	2,274,405	2,274,402	2,274,402	(2,274,398)
219.10 Current year margins	958,290	750,976	234,096	1,120,506	(1,279,218)	372,873	126,723	1,066,387	958,171	(217,198)	200,233	(969,538)
Prior year	1,216,062	711,221	302,526	2,269,697	(338,882)	705,478	1,186,594	1,752,737	1,324,019	1,582,145	832,565	803,210
Change	(257,772)	39,755	(68,430)	(1,149,191)	(940,336)	(332,605)	(1,059,871)	(686,350)	(365,848)	(1,799,343)	(632,332)	(1,772,748)
**** Total Capital Credits	49,550,229	48,659,646	48,127,474	48,997,305	47,710,321	49,354,263	49,088,283	50,021,499	49,908,165	48,716,358	49,123,877	48,641,804
Prior year	49,079,919	47,166,084	46,745,699	48,686,580	48,328,257	49,365,054	49,830,747	50,387,350	49,948,832	50,203,134	49,445,245	49,409,081
Change	470,310	1,493,562	1,381,775	310,725	(617,936)	(10,791)	(742,464)	(365,851)	(40,667)	(1,486,776)	(321,368)	(767,277)
217.00 Retired gains	428,159	434,059	441,143	449,872	453,717	458,076	468,611	472,000	474,562	483,445	489,176	495,716
Prior year	353,119	358,770	364,551	377,414	385,947	389,339	396,836	401,443	406,300	410,488	414,637	420,877
Change	75,040	75,289	76,592	72,458	67,770	68,737	71,775	70,557	68,262	72,957	74,539	74,839
219.30 Prior year deficits	0	0	0	0	0	0	0	0	0	0	0	(693,598)
Change	0	0	0	0	0	0	0	0	0	0	0	(693,598)
**** Total Other Equities	428,159	434,059	441,143	449,872	453,717	458,076	468,611	472,000	474,562	483,445	489,176	(197,882)
Prior year	353,119	358,770	364,551	377,414	385,947	389,339	396,836	401,443	406,300	410,488	414,637	420,877
Change	75,040	75,289	76,592	72,458	67,770	68,737	71,775	70,557	68,262	72,957	74,539	(618,759)
**** Total Margins & Equities	51,124,448	50,238,570	49,715,637	50,596,507	49,315,228	50,968,044	50,711,029	51,651,139	51,541,777	50,360,542	50,777,173	49,609,501
Prior year	50,549,253	48,642,919	48,231,455	50,187,739	49,836,939	50,880,108	51,357,023	51,923,153	51,492,137	51,750,167	51,000,622	50,973,378
Change	575,195	1,595,651	1,484,182	408,768	(521,711)	87,936	(645,994)	(272,014)	49,640	(1,389,625)	(223,449)	(1,363,877)
224.12 CFC notes	12,899,151	12,899,151	12,754,082	12,754,081	12,754,081	12,607,459	12,607,459	12,607,459	12,479,830	12,479,830	12,479,830	12,350,325
Prior year	13,410,426	13,410,426	13,298,458	13,298,459	13,298,459	13,184,704	13,184,704	13,184,704	13,042,686	13,042,686	13,042,686	12,899,151
Change	(511,275)	(511,275)	(544,376)	(544,378)	(544,378)	(577,245)	(577,245)	(577,245)	(562,856)	(562,856)	(562,856)	(548,826)
224.16 Economic development loans	0	0	0	0	0	0	0	0	250,000	250,000	639,469	636,223
Prior year	0	0	0	0	0	0	0	0	250,000	250,000	639,469	636,223
Change	0	0	0	0	0	0	0	0	0	0	0	0
224.30 RUS notes	71,335,966	71,245,420	71,004,237	70,905,589	70,807,274	70,547,552	70,448,453	70,340,746	70,104,338	70,015,353	69,895,333	69,655,604
Prior year	72,909,444	72,827,280	72,616,515	72,533,492	72,449,922	72,232,012	72,147,938	72,059,520	71,848,380	71,743,486	71,652,624	71,433,290
Change	(1,573,478)	(1,581,860)	(1,612,278)	(1,627,903)	(1,642,648)	(1,684,460)	(1,699,485)	(1,718,774)	(1,744,042)	(1,728,133)	(1,757,291)	(1,777,686)
224.30 Unadvanced funds	(8,354,000)	(11,354,000)	(11,354,000)	(11,354,000)	(8,354,000)	(8,354,000)	(8,354,000)	(8,354,000)	(8,354,000)	(8,354,000)	(8,354,000)	(8,354,000)
Prior year	(11,354,000)	(11,354,000)	(11,354,000)	(11,354,000)	(8,354,000)	(8,354,000)	(8,354,000)	(8,354,000)	(8,354,000)	(8,354,000)	(8,354,000)	(8,354,000)
Change	3,000,000	11,354,000	11,354,000	11,354,000	8,354,000	8,354,000	8,354,000	8,354,000	8,354,000	8,354,000	8,354,000	8,354,000
224.60 Advance payment	302,961	304,243	305,472	306,769	308,067	309,235	310,548	311,819	313,132	314,419	315,749	317,077
Prior year	302,961	304,243	305,472	306,769	308,067	309,235	310,548	311,819	313,132	314,419	300,000	301,722
Change	0	0	0	0	0	0	0	0	0	0	15,749	15,355

South Kentucky Rural Electric Cooperative

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Comparison of Test Year Account Balances with those of the Preceding Year - Balance Sheet August 31, 2005

Exhibit W  
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Witness: Jim Adkins

	September	October	November	December	January	February	March	April	May	June	July	August
**** Total long term debt	75,578,156	83,840,328	83,452,847	83,352,901	83,253,288	82,845,776	82,745,364	82,636,386	82,521,036	82,430,764	82,698,883	82,325,075
Prior year	74,965,870	74,883,706	74,560,973	74,477,951	77,394,381	77,062,716	76,978,642	76,890,224	76,537,066	76,432,172	76,041,310	75,676,719
Change	612,286	8,956,622	8,891,874	8,874,950	5,858,907	5,783,060	5,766,722	5,746,162	5,983,970	5,998,592	6,657,573	6,648,356
**** 228 Postretirement benefits	3,640,913	3,651,983	3,663,621	3,674,595	3,695,536	3,704,445	3,712,345	3,720,246	3,728,426	3,736,607	3,745,152	3,753,696
Prior year	3,534,942	3,549,092	3,563,041	3,576,990	3,557,918	3,569,350	3,579,142	3,588,934	3,599,701	3,609,838	3,619,561	3,630,250
Change	105,971	102,891	100,580	97,605	137,618	135,095	133,203	131,312	128,725	126,769	125,591	123,446
**** 231 (Notes payable - short term)	266,300	0	0	0	0	724,006	281,095	281,095	728,306	0	0	802,692
Prior year	266,300	0	0	0	0	(724,006)	(281,095)	(281,095)	(728,306)	0	0	802,692
Change	0	0	0	0	0	0	0	0	0	0	0	0
232.00 Accounts payable - general	1,045,877	1,099,741	1,022,382	748,399	1,052,152	764,370	739,821	1,014,385	941,212	857,740	1,387,968	888,707
Prior year	1,031,304	1,085,938	855,051	1,664,293	1,002,381	1,106,097	916,491	819,736	854,581	1,034,963	1,219,279	768,551
Change	14,573	13,803	167,331	(915,894)	49,771	(341,727)	(176,670)	194,649	86,631	(177,223)	168,689	120,156
232.10 Purchased power	3,736,193	3,197,798	3,731,587	5,886,088	6,321,136	5,284,550	5,051,288	3,642,329	3,645,724	4,300,762	5,410,715	5,504,793
Prior year	3,226,998	3,033,311	3,543,260	5,055,985	5,541,762	5,062,581	3,998,738	3,474,214	3,511,422	3,651,352	4,280,397	3,980,598
Change	509,195	164,487	188,327	830,103	779,374	221,969	1,052,550	1,688,115	134,302	649,410	1,130,318	1,524,195
232.12 Life insurance	758	761	999	799	774	804	787	787	787	785	781	783
Prior year	879	833	798	801	801	785	790	795	779	766	758	741
Change	(121)	(72)	201	(2)	(27)	19	(3)	(8)	8	19	23	42
232.30 Other	(1,697)	2,000	324	202	255	171	(285)	(450)	13,878	284	(72)	120
Prior year	176	68	(163)	451	(88)	(65)	(24)	(7,105)	(7,031)	(410)	106	(30)
Change	(1,873)	1,932	487	(249)	343	236	(261)	6,655	20,909	694	(178)	150
232.61 People fund	1,512	2,392	1,395	2,176	958	1,362	2,142	3,241	1,452	1,065	2,212	2,012
Prior year	91	282	286	1,890	1,081	90	403	1,528	1,644	737	1,954	2,061
Change	1,421	2,110	1,395	1,890	(123)	1,272	1,739	1,713	(192)	328	258	(49)
**** Total Payables	4,782,643	4,302,692	4,756,687	6,637,664	7,375,275	6,051,257	5,793,753	4,660,292	4,603,053	5,160,636	6,801,604	6,396,415
Prior year	4,259,448	4,120,432	4,398,946	6,721,816	6,545,937	6,169,488	4,916,398	4,289,168	4,361,395	4,687,408	5,502,494	4,751,921
Change	523,195	182,260	357,741	(84,152)	829,338	(118,231)	877,355	371,124	241,658	473,228	1,299,110	1,644,494
**** 235 Customer deposits	586,865	569,785	575,270	580,680	585,765	602,565	589,845	599,825	595,940	592,830	599,130	607,015
Prior year	536,725	537,500	544,290	556,150	554,845	564,755	575,480	589,645	586,580	575,485	584,040	586,335
Change	50,140	32,285	30,980	24,530	30,920	37,810	14,365	10,180	9,360	17,345	15,090	20,680
236.1 Acc property taxes	242,164	(135,853)	(103,695)	2,701	80,291	156,604	218,354	294,208	371,808	449,359	530,799	608,399
Prior year	190,252	(85,822)	(96,388)	2,462	70,794	175,201	259,987	364,915	470,688	373,823	445,670	517,670
Change	51,912	(50,031)	(7,307)	239	9,497	(18,597)	(41,633)	(70,707)	(98,880)	75,536	85,129	90,729
236.2 Acc FUTA tax	154	9	17	4,192	7,523	7,523	(51)	111	146	232	168	284
Prior year	38	97	97	5,995	8,269	8,269	8,712	74	140	232	108	147
Change	116	(88)	(80)	(1,803)	(746)	(746)	(8,763)	37	6	(32)	60	137
236.3 Acc FICA tax	140	140	140	0	0	0	0	0	0	0	0	0
Prior year	(140)	(140)	(140)	0	0	0	0	0	0	0	0	0
Change	280	280	280	0	0	0	0	0	0	0	0	0
236.4 Acc SUTA tax	106	5	10	2,628	5,913	5,913	7,238	255	295	360	131	227
Prior year	(148)	(232)	(202)	3,141	4,589	4,589	6,299	83	128	196	77	102
Change	254	237	212	(513)	1,324	1,324	939	172	167	164	54	125

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	September	October	November	December	January	February	March	April	May	June	July	August
236.5	Sales tax 95,796 Prior year 72,768 Change 23,028	90,787 75,979 14,808	90,509 78,223 12,286	91,227 72,006 19,221	67,593 72,815 (5,222)	67,637 81,883 (14,246)	87,391 79,008 8,383	99,034 83,497 15,537	88,703 80,727 7,976	93,211 84,309 8,902	117,545 89,801 27,744	104,710 95,255 9,455
236.51	Sales tax prepayment Prior year (41,899) Change (18,599)	(50,479) (40,801) (9,678)	(48,828) (41,576) (7,252)	(47,736) (42,397) (5,339)	(48,898) (41,870) (7,028)	(45,887) (39,724) (6,163)	(47,517) (48,141) 624	(47,230) (42,016) (5,214)	(53,713) (44,915) (8,798)	(46,809) (43,023) (3,786)	(48,855) (47,848) (1,007)	(60,955) (49,208) (11,747)
236.52	Sales tax - Tennessee Prior year 385 Change 314 71	306 271 35	298 311 (13)	296 227 69	326 253 73	320 273 47	359 278 81	408 309 99	382 359 23	422 383 39	646 430 216	478 378 100
236.70	Pulaski school Prior year 67,767 59,617 8,150	56,081 52,903 3,178	60,187 59,255 932	83,179 75,763 7,416	94,701 90,114 4,587	94,917 97,890 (2,973)	92,125 77,386 14,739	80,930 71,765 9,165	64,253 59,086 5,167	67,783 64,661 3,122	89,890 71,911 17,979	83,395 65,743 17,652
236.71	Adair school Prior year 1,121 1,000 121	875 834 41	989 1,063 (74)	1,407 1,372 35	1,733 1,631 102	1,685 1,795 (110)	1,526 1,302 224	1,301 1,173 128	1,062 949 113	1,074 1,050 24	1,530 1,221 309	1,322 992 330
236.72	Casey school Prior year 3,181 3,234 (53)	2,694 2,696 (2)	2,615 2,954 (339)	4,099 3,616 483	5,080 4,400 680	5,100 4,889 211	4,555 4,518 37	4,868 4,059 809	3,093 3,219 (126)	3,241 2,781 460	3,955 3,206 749	3,758 3,509 249
236.73	Clinton school Prior year 23,002 20,891 2,111	19,885 18,362 1,523	20,365 19,475 890	22,971 21,674 1,297	27,887 24,132 3,755	25,480 26,180 (700)	25,204 22,423 2,781	25,716 21,585 4,131	21,704 21,027 677	21,959 22,213 (254)	30,468 23,754 6,714	26,911 22,259 4,652
236.74	Cumberland school Prior year 50 48 2	43 43 0	39 33 6	40 41 (1)	49 46 3	45 47 (2)	42 42 0	54 41 13	40 38 2	42 47 (5)	61 50 11	62 50 12
236.75	Laurel school Prior year 11 9 2	9 14 (5)	7 6 1	11 10 1	14 13 1	14 18 (4)	11 12 (1)	10 11 (1)	8 8 0	9 10 (1)	13 9 4	9 10 (1)
236.76	Lincloin school Prior year 2,379 2,364 15	2,108 2,045 63	2,050 2,107 (57)	2,783 2,608 175	3,866 3,494 372	3,811 3,930 (119)	3,519 3,385 134	3,641 3,035 606	2,457 2,326 131	2,170 2,241 (71)	2,978 2,392 586	2,877 2,546 331
236.77	McCreary school Prior year 16,567 15,729 838	14,604 13,699 905	15,659 15,175 484	20,696 18,755 1,941	24,093 21,755 2,338	23,326 24,020 (694)	22,169 19,179 2,990	21,221 18,412 2,809	16,548 15,138 1,410	16,804 16,658 146	22,125 17,609 4,516	20,132 16,549 3,583
236.78	Rockcastle school Prior year 105 100 5	80 80 0	81 86 (5)	117 109 8	140 129 11	147 151 (4)	128 123 5	135 116 19	96 86 10	96 90 6	127 103 24	122 100 22
236.79	Russell school Prior year 22,150 20,410 1,740	18,170 17,311 859	18,155 18,542 (387)	25,216 23,675 1,541	30,872 28,956 1,916	31,435 31,226 209	28,026 25,041 2,985	26,550 22,838 3,712	19,722 18,324 1,398	21,615 20,908 707	31,184 22,646 8,538	26,525 21,410 5,115
236.80	Wayne school Prior year 23,039 20,074 2,965	20,723 18,066 2,657	19,977 20,456 (479)	25,842 22,662 3,180	30,056 27,257 2,799	29,896 31,046 (1,150)	28,281 25,779 2,502	29,080 24,397 4,683	22,394 20,323 2,071	22,382 22,651 (269)	30,456 23,804 6,652	28,367 24,354 4,013

South Kentucky Rural Electric Cooperative  
Case No. 2005-00450  
Comparison of Test Year Account Balances with  
those of the Preceding Year - Balance Sheet  
August 31, 2005

Exhibit W  
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Witness: Jim Adkins

	September	October	November	December	January	February	March	April	May	June	July	August
237.10 RUS interest	21,561	44,006	0	21,862	43,218	20,623	40,756	39,727	0	22,032	45,045	0
Prior year	47,639	45,949	0	23,259	47,061	23,278	45,851	45,045	0	(22,032)	(5,318)	0
Change	(26,078)	(1,943)	0	(1,397)	(3,843)	(2,655)	(5,095)	(5,318)	0	(22,032)	(5,318)	0
237.31 CFC interest	41,144	83,659	0	47,816	95,634	64,401	126,724	124,052	0	61,009	124,052	0
Prior year	63,838	129,805	0	64,676	129,353	37,205	73,210	72,396	0	35,604	72,396	0
Change	(22,694)	(46,146)	0	(16,860)	(33,719)	27,196	53,514	51,656	0	25,405	51,656	0
237.32 CFC short term interest	0	0	0	0	0	0	0	0	0	0	0	0
Prior year	(19,288)	(19,279)	(19,280)	(19,290)	(19,304)	(19,284)	(19,256)	(19,289)	(19,252)	(19,255)	(19,289)	6,391
Change	(146)	(129)	(106)	(104)	(69)	(54)	(87)	(67)	(24)	3	(67)	1,512
238.00 Patronage capital payable	0	672,160	0	0	0	0	0	0	0	0	0	0
Prior year	1,402,820	1,402,820	0	0	0	0	0	0	0	0	0	0
Change	(1,402,820)	(730,660)	0	0	0	0	0	0	0	0	0	0
241.21 Russell Springs w/h	567	147	307	709	169	297	424	128	251	362	176	296
Prior year	485	129	235	522	239	359	488	141	245	383	236	395
Change	82	18	72	187	(70)	(62)	(64)	(13)	6	(21)	(60)	(99)
241.22 Pulaski w/h	12,030	3,170	6,404	12,811	3,264	6,660	10,025	3,284	6,333	10,010	5,112	8,500
Prior year	10,720	2,980	6,124	11,605	4,941	8,148	11,313	3,212	6,491	10,647	5,327	8,698
Change	1,310	190	280	1,206	(1,677)	(1,488)	(1,288)	72	42	(637)	(215)	(198)
241.23 Russell Co w/h	464	125	243	453	134	249	356	118	236	348	223	380
Prior year	433	114	230	383	185	291	412	122	237	362	209	327
Change	31	11	13	70	(51)	(42)	(56)	(4)	(1)	(14)	14	53
241.25 Clinton co w/h	1,267	325	629	1,166	296	599	870	272	548	814	450	808
Prior year	1,069	321	646	1,050	393	672	1,005	283	577	877	632	952
Change	198	4	(17)	116	(97)	(73)	(135)	(11)	(29)	(63)	(182)	(144)
241.26 Lincron Co w/h	71	36	52	83	19	32	45	33	86	113	21	46
Prior year	97	23	32	38	46	53	84	10	16	91	30	40
Change	(26)	13	20	45	(27)	(21)	(39)	23	70	22	(9)	6
241.27 Wayne Co w/h	1,823	460	1,004	1,866	503	975	1,413	481	970	1,412	703	1,287
Prior year	1,823	460	463	1,060	262	786	1,413	543	1,057	1,607	870	1,352
Change	0	0	(459)	806	241	189	0	(62)	(87)	(195)	(167)	(65)
241.28 McCreary Co w/h	1,303	437	931	1,800	499	963	1,436	490	956	1,395	704	1,240
Prior year	1,303	437	931	1,800	499	963	1,436	490	956	1,395	704	1,240
Change	0	0	0	0	0	0	0	0	0	0	0	0
241.50 Monticello franchise tax	3,720	4,980	6,200	3,716	4,932	6,160	7,384	8,608	6,164	7,376	8,592	2,428
Prior year	3,726	4,994	2,492	3,716	4,940	6,160	3,668	4,916	6,156	7,384	8,620	9,860
Change	(6)	(14)	3,708	0	(8)	0	3,716	3,692	8	(8)	(28)	(7,432)
241.51 Albany franchise tax	7,980	10,903	16,837	1,890	8,546	12,548	17,097	21,064	7,580	14,572	3,635	8,631
Prior year	6,278	9,361	6,712	4,523	9,772	15,032	3,323	6,722	7,692	8,849	13,814	17,737
Change	1,702	1,542	10,125	(2,633)	(1,226)	(2,484)	13,774	14,342	(112)	5,723	(10,179)	(9,106)

**South Kentucky Rural Electric Cooperative**  
 Case No. 2005-00450  
 Comparison of Test Year Account Balances with  
 those of the Preceding Year - Balance Sheet  
 August 31, 2005

	September	October	November	December	January	February	March	April	May	June	July	August
242.20	Accrue payroll	276,037	326,677	137,689	163,592	162,566	241,508	269,693	324,870	388,394	145,305	230,801
	Prior year	252,693	299,861	343,672	135,016	131,180	218,564	266,036	381,020	363,005	143,644	188,800
	Change	110,047	26,816	(205,983)	28,576	31,386	22,944	3,657	(56,150)	25,389	1,661	42,001
242.21	Accrue sick leave	502,349	508,352	498,029	476,445	485,777	465,620	491,293	515,688	506,040	524,264	517,248
	Prior year	461,234	440,475	444,203	431,060	414,699	405,123	422,658	456,878	454,318	460,767	495,711
	Change	41,115	37,806	53,826	45,385	71,078	60,497	68,635	58,810	51,722	63,497	21,537
242.55	Accrue audit	6,750	7,500	8,250	750	1,500	2,250	3,000	3,750	4,500	5,250	6,000
	Prior year	6,750	7,500	8,250	750	1,500	2,250	3,000	3,750	4,500	5,250	6,000
	Change	0	0	0	0	0	0	0	0	0	0	0
****	Total Current & Accrued L	1,334,613	935,041	943,515	1,103,320	1,067,008	1,285,571	1,486,980	1,407,378	1,630,808	1,652,146	1,630,679
	Prior year	1,153,376	826,103	1,082,229	1,057,838	1,011,333	1,172,849	1,381,829	1,492,542	1,459,631	1,392,835	1,457,422
	Change	181,237	(750,646)	(138,714)	45,482	55,675	112,722	105,151	(85,164)	171,177	259,311	173,257
252.00	Excess of 1,000'	262,381	262,381	256,271	256,271	256,271	257,905	257,905	257,905	257,905	265,528	272,007
	Prior year	280,454	261,721	263,413	265,130	269,492	269,654	269,291	269,765	270,609	270,609	270,609
	Change	(18,073)	660	(7,142)	(8,859)	(13,221)	(11,749)	(11,386)	(11,860)	(12,704)	(5,081)	1,398
252.01	Permanent services	44,551	44,551	44,551	44,551	44,551	45,035	45,035	45,364	45,364	48,244	48,590
	Prior year	43,892	43,892	43,892	43,892	43,892	44,205	44,205	44,205	44,551	44,551	44,551
	Change	659	659	659	659	659	830	830	1,159	813	3,693	4,039
252.02	Underground extensions	101,276	101,276	101,276	101,276	101,889	105,637	105,637	105,637	105,637	105,637	105,637
	Prior year	93,629	93,629	100,754	100,754	101,276	101,276	101,276	101,276	101,276	101,276	101,276
	Change	7,647	7,647	522	522	613	4,361	4,361	4,361	4,361	4,361	4,361
252.03	Temporary services	62,870	93,858	93,858	93,857	93,858	93,858	93,858	93,858	93,858	93,856	94,120
	Prior year	61,941	61,941	61,942	61,941	61,941	61,941	62,537	62,537	62,537	62,870	62,870
	Change	929	31,917	31,916	31,916	31,917	31,917	31,321	31,321	31,321	30,986	31,250
252.05	Mobile homes 300' to 1,000'	34,035	32,298	32,608	32,816	35,075	36,281	39,832	43,678	49,940	48,672	47,899
	Prior year	43,464	42,095	40,382	40,401	40,301	40,725	39,495	36,616	37,315	33,658	34,874
	Change	(9,429)	(9,797)	(7,774)	(7,585)	(5,226)	(4,444)	337	7,062	12,625	15,014	13,025
252.06	Mobile homes over 1,000'	28,360	28,360	28,360	27,754	27,149	27,149	27,996	27,997	27,391	27,391	27,139
	Prior year	42,289	42,289	42,289	41,078	40,473	43,825	43,825	29,169	28,364	29,571	29,571
	Change	(13,929)	(13,929)	(13,929)	(13,324)	(13,324)	(16,676)	(15,829)	(1,172)	(1,173)	(2,180)	(2,432)
252.07	Line extensions	60,863	59,831	58,863	56,810	55,814	55,077	54,077	53,153	52,083	50,711	49,339
	Prior year	70,515	69,835	69,245	67,813	66,900	66,215	65,466	64,690	63,964	63,054	62,114
	Change	(9,652)	(10,004)	(10,382)	(11,003)	(11,086)	(11,138)	(11,389)	(11,537)	(11,881)	(12,343)	(12,775)
252.09	Barns	37,465	38,285	37,845	39,413	38,556	37,865	37,354	36,371	35,963	36,434	35,161
	Prior year	32,799	31,759	31,424	37,517	36,542	35,455	34,096	31,920	31,269	36,342	37,211
	Change	4,666	6,526	6,421	1,896	2,014	2,410	3,258	4,451	4,694	92	(2,050)
****	Consumer advances for col	631,801	660,840	654,473	652,748	653,163	658,807	661,694	663,963	668,141	676,473	679,892
	Prior year	668,983	647,161	644,523	658,526	660,817	663,296	660,191	640,178	640,085	641,931	643,076
	Change	(37,182)	13,679	9,950	(5,778)	(7,654)	(4,489)	1,503	23,785	28,056	34,542	36,816
253.02	Unclaimed capital credits	2,413,898	2,413,188	2,551,622	2,543,377	2,542,744	2,541,780	2,541,164	2,540,862	2,577,764	2,576,425	2,575,821
	Prior year	2,106,318	2,105,220	2,280,829	2,271,365	2,264,260	2,263,545	2,263,307	2,263,023	2,262,756	2,418,304	2,415,375
	Change	307,580	307,968	270,793	272,012	278,484	278,235	277,857	277,839	315,008	158,121	160,446

South Kentucky Rural Electric Cooperative  
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 those of the Preceding Year - Balance Sheet  
 August 31, 2005

	September	October	November	December	January	February	March	April	May	June	July	August
253.03 Patronage refunds	8,952	8,952	8,952	8,952	8,952	9,005	9,005	9,005	9,005	9,005	9,005	3,644
Prior year	15,097	10,067	10,067	10,066	10,067	10,067	10,067	10,067	10,067	5,361	5,361	8,952
Change	(6,145)	(1,115)	(1,115)	(1,114)	(1,115)	(1,062)	(1,062)	(1,062)	(1,062)	3,644	3,644	(5,308)
253.06 Meter test fees	96	96	96	96	96	0	48	48	96	48	48	48
Prior year	96	96	96	(96)	0	0	(48)	(48)	(96)	144	240	240
Change	0	0	0	(96)	0	0	(48)	(48)	(96)	(96)	(192)	(192)
**** Consumer advances for co	2,422,946	2,422,236	2,560,574	2,556,278	2,552,329	2,551,749	2,550,785	2,550,169	2,549,867	2,586,817	2,585,478	2,579,513
Prior year	2,121,415	2,115,287	2,290,896	2,287,779	2,281,432	2,274,327	2,273,660	2,273,422	2,273,186	2,268,261	2,423,905	2,424,567
Change	301,531	306,949	269,678	268,499	270,897	277,422	277,125	276,747	276,681	318,556	161,573	154,946
**** Total deferred credits	3,054,747	3,083,076	3,215,047	3,209,209	3,205,077	3,204,912	3,209,592	3,211,863	3,213,830	3,254,958	3,261,951	3,259,405
Prior year	2,790,398	2,762,448	2,935,419	2,945,562	2,939,958	2,935,144	2,936,956	2,933,613	2,913,364	2,908,346	3,065,836	3,067,643
Change	264,349	320,628	279,628	263,647	265,119	269,768	272,636	278,250	300,466	346,612	196,115	191,762
***** Total Equities & Liabilities	140,368,685	147,317,641	146,314,150	148,995,071	148,533,489	148,444,007	148,047,499	147,966,731	147,611,440	147,167,145	149,536,039	148,384,478
Prior year	137,790,012	136,877,950	135,060,227	139,548,437	141,887,816	142,916,900	141,516,490	141,877,661	141,711,091	141,423,047	141,206,698	140,143,668
Change	2,578,673	10,439,691	11,253,923	9,446,634	6,645,673	5,527,107	6,531,009	6,089,070	5,900,349	5,744,098	8,329,341	8,240,810

South Kent Rural Electric Cooperative  
 Comparison of First Year Income Statement Account  
 Balances with those of the Preceding Year  
 August 31, 2005

Acct #	Description	September Month 1	October Month 2	November Month 3	December Month 4	January Month 5	February Month 6	March Month 7	April Month 8	May Month 9	June Month 10	July Month 11	August Month 12	Total
440.10	Residential	3,565,448	2,877,737	3,061,749	5,959,546	5,173,531	6,189,466	4,768,739	4,294,413	3,312,920	3,179,425	5,085,577	3,854,714	51,323,265
	Prior year	3,327,203	2,748,636	3,153,819	4,253,878	5,288,367	5,746,460	4,411,921	3,971,545	3,140,938	3,426,999	3,824,469	3,563,689	46,857,924
	Change	238,245	129,101	(92,070)	1,705,668	(114,836)	443,006	356,818	322,868	171,982	(247,574)	1,261,108	291,025	4,465,341
442.10	Small commercial	389,364	335,139	319,877	442,251	362,416	425,610	354,671	373,370	347,632	366,498	536,628	408,535	4,661,991
	Prior year	359,477	307,137	339,723	304,537	341,819	386,709	337,918	354,460	349,998	380,554	410,255	399,573	4,272,160
	Change	29,887	28,002	(19,846)	137,714	20,597	38,901	16,753	18,910	(2,366)	(14,056)	126,373	8,962	389,831
442.20	Large commercial	1,298,065	1,247,004	1,251,881	1,717,733	1,026,588	1,544,613	1,203,859	1,454,971	1,330,778	1,202,983	1,742,510	1,370,793	16,391,778
	Prior year	1,061,889	1,112,546	1,101,733	1,073,404	1,016,470	1,138,408	1,140,766	1,188,527	1,141,867	1,244,211	1,253,100	1,236,642	13,709,563
	Change	236,176	134,458	150,148	644,329	10,118	406,205	63,093	266,444	188,911	(41,228)	489,410	134,151	2,682,215
442.10	Large commercial, no	116,172	111,260	99,027	123,390	94,225	131,168	98,091	118,330	103,529	104,441	137,285	116,908	1,353,826
	Prior year	90,377	94,397	100,620	82,421	99,188	111,228	113,576	107,687	107,740	108,910	115,267	108,795	1,240,206
	Change	25,795	16,863	(1,593)	40,969	(4,963)	19,940	(15,485)	10,643	(4,211)	(4,469)	22,018	8,113	113,620
444.00	Public street and light	3,577	3,578	3,714	4,934	3,051	4,352	3,732	4,035	3,995	3,516	4,537	3,391	46,412
	Prior year	3,150	3,335	3,497	3,478	3,278	3,452	3,482	3,672	3,603	3,683	3,595	3,454	41,679
	Change	427	243	217	1,456	(227)	900	250	363	392	(167)	942	(63)	4,733
445.00	Public authorities	49,566	39,163	37,634	94,010	62,048	100,625	69,920	60,955	43,559	43,309	74,063	65,897	732,116
	Prior year	47,344	35,561	38,677	58,379	81,179	95,054	70,394	58,340	41,784	48,917	55,381	50,452	681,462
	Change	2,222	3,602	(1,043)	35,631	(19,131)	5,571	(474)	2,615	1,775	(5,608)	18,682	6,812	50,654
450.00	Forfeit Discounts	42,314	40,292	38,726	46,277	61,024	63,874	74,302	59,700	52,150	45,857	39,716	65,897	630,129
	Prior year	42,170	41,472	24,841	51,318	57,751	61,446	75,029	56,203	39,654	43,713	41,606	48,418	583,621
	Change	144	(1,180)	13,885	(5,041)	3,273	2,428	(727)	3,497	12,496	2,144	(1,890)	17,479	46,508
451.00	Miscellaneous Service:	13,316	14,720	10,038	6,160	8,015	5,728	9,335	15,361	14,086	19,551	13,466	15,337	145,113
	Prior year	20,405	17,664	13,245	7,086	2,773	3,933	11,380	21,810	15,952	13,845	12,738	14,766	155,597
	Change	(7,089)	(2,944)	(3,207)	(926)	5,242	1,795	(2,045)	(6,449)	(1,866)	5,706	728	571	(10,484)
454.00	Rent form electric prof	80,877	80,877	80,877	34,565	84,877	84,877	84,877	84,877	84,877	84,877	84,877	84,877	909,194
	Prior year	76,877	76,877	76,877	54,575	80,877	80,877	80,877	80,877	80,877	80,877	80,877	80,877	932,222
	Change	4,000	4,000	4,000	(20,010)	4,000	4,000	4,000	4,000	4,000	4,000	4,000	(43,018)	(23,028)
456.00	Other electric revenue	1,180	701	1,198	951	934	874	1,012	901	1,032	893	950	1,178	11,804
	Prior year	795	15,836	787	(13,942)	802	750	977	796	900	825	470	468	9,464
	Change	385	(15,135)	411	14,893	132	124	35	105	132	68	480	710	2,340
**	Total Revenues	5,559,879	4,750,471	4,904,721	8,429,817	6,876,709	8,551,187	6,668,538	6,466,913	5,294,558	5,051,350	7,719,609	5,931,876	76,205,628
	Prior year	5,029,687	4,453,461	4,853,819	5,875,134	6,972,504	7,628,317	6,246,320	5,843,917	4,923,313	5,352,534	5,797,758	5,507,134	68,483,898
	Change	530,192	297,010	50,902	2,554,683	(95,795)	922,870	422,218	622,996	371,245	(301,184)	1,921,851	424,742	7,721,730
*** 555.00	Total Purchase Power	3,727,077	3,188,417	3,722,471	5,876,972	6,312,020	5,275,434	5,042,172	3,633,213	3,636,608	4,291,646	5,401,599	5,199,345	55,306,974
	Prior year	3,218,115	3,039,262	3,549,211	4,889,304	5,532,646	5,053,465	3,989,622	3,465,098	3,502,306	3,642,236	4,270,832	3,971,482	48,123,579
	Change	508,962	149,155	173,260	987,668	779,374	221,969	1,052,550	168,115	134,302	649,410	1,130,767	1,227,863	7,183,395

South Kenton Rural Electric Cooperative  
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Acct #	Description	September Month 1	October Month 2	November Month 3	December Month 4	January Month 5	February Month 6	March Month 7	April Month 8	May Month 9	June Month 10	July Month 11	August Month 12	Total
580.00	Operations - Supervisi- Prior year Change	7,851 6,418 1,433	7,937 7,355 582	8,197 6,516 1,681	9,377 17,591 (8,214)	7,704 9,993 (2,289)	7,404 7,678 (274)	8,094 7,812 282	8,210 7,976 234	8,016 7,117 899	6,899 7,571 (672)	8,452 7,201 1,251	8,643 8,103 540	96,784 101,331 (4,547)
582.00	Station expense Prior year Change	1,864 432 1,432	505 432 73	505 2,587 (2,082)	878 793 85	722 742 (20)	515 743 (228)	515 743 (228)	674 743 (69)	652 818 (166)	594 (680)	515 542 (27)	2,395 505 1,890	10,334 8,400 1,934
583.00	Overhead Line Exp Prior year Change	66,042 76,666 (10,624)	75,585 76,383 (798)	106,863 81,810 25,053	121,486 134,979 (13,493)	71,915 106,283 (34,368)	91,982 113,271 (21,289)	107,875 116,827 (8,952)	82,199 103,393 (21,194)	108,963 107,122 1,841	97,038 (24,801)	99,060 84,114 14,946	91,414 87,793 3,621	1,120,422 1,063,840 56,582
584.00	Underground Line Exp Prior year Change	4,000 1,017 2,983	9,480 7,412 2,068	2,105 3,066 (961)	2,649 6,541 (3,892)	5,605 3,602 2,003	2,801 2,550 251	4,851 7,565 (2,714)	4,517 14,917 (10,400)	6,885 2,148 4,737	8,239 30 8,209	7,736 2,971 4,765	5,140 5,650 (510)	64,008 57,469 6,539
586.00	Meter Prior year Change	84,524 54,701 29,823	83,527 51,879 31,648	67,371 55,643 11,728	84,379 54,315 30,064	76,731 52,643 24,088	74,605 51,227 23,378	64,912 57,357 7,555	99,965 47,226 52,739	65,226 169,867 (104,641)	74,098 65,848 8,250	73,417 76,176 (2,759)	69,220 72,825 (3,605)	917,975 809,707 108,268
587.00	Consumer Installation Prior year Change	26,378 21,490 4,888	23,073 22,069 1,004	22,019 17,274 4,745	31,861 25,622 6,239	24,556 31,516 (6,960)	26,577 30,723 (4,146)	20,762 31,452 (10,690)	21,540 29,013 (7,473)	19,519 28,660 (9,141)	19,938 4,366 15,572	19,431 26,500 (7,069)	20,837 29,654 (8,817)	276,491 298,339 (21,848)
587.10	Consumer inspections Prior year Change	6,811 3,261 3,550	7,695 (2,948)	5,156 13,056 (7,900)	5,512 5,302 210	6,185 8,855 (2,670)	776 2,662 (1,886)	9,409 12,958 (3,549)	11,852 4,768 7,084	13,755 4,566 9,189	11,803 2,858 8,945	10,984 7,673 3,311	6,811 2,459 4,352	96,749 65,470 31,279
588.00	Miscellaneous Distribu Prior year Change	25,481 23,097 2,384	26,973 22,873 4,100	27,121 22,753 4,368	30,797 25,736 5,061	26,551 25,116 1,435	25,507 22,078 3,429	29,899 23,367 6,532	32,396 23,422 8,974	30,779 23,273 7,506	32,657 25,585 7,072	33,844 26,805 7,039	31,635 26,119 5,516	353,640 290,224 63,416
588.10	Mapping Prior year Change	12,565 11,615 950	10,272 24,020 (13,748)	12,687 12,542 145	18,512 20,353 (1,841)	12,232 18,248 (6,016)	10,435 16,704 (6,269)	22,482 15,876 6,606	17,489 17,615 (126)	15,901 15,462 439	17,610 14,650 2,960	18,627 11,892 6,735	25,663 14,021 11,642	194,475 192,998 1,477
589.00	Rents Prior year Change	0	0	0	0	0	0	0	0	0	0	0	0	0
***	Total Operations Prior year Change	235,516 198,697 29,336	245,047 209,475 36,609	252,024 215,247 45,493	305,451 291,232 19,742	232,201 256,998 (18,114)	240,602 247,636 870	268,799 273,957 (5,501)	278,842 249,073 33,211	269,696 359,033 (103,702)	268,876 95,427 153,335	272,066 243,874 13,381	261,758 247,129 (855)	3,130,878 2,887,778 203,805
590.00	Engineering & supervi Prior year Change	7,456 6,350 1,106	7,845 7,885 (40)	7,774 6,179 1,595	8,546 16,978 (8,432)	7,276 9,569 (2,293)	7,406 7,285 121	8,027 7,393 634	8,172 8,107 65	8,059 6,874 1,185	7,664 7,508 156	8,464 6,653 1,811	8,618 8,018 600	95,307 98,799 (3,492)

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Acct #	Description	September Month 1	October Month 2	November Month 3	December Month 4	January Month 5	February Month 6	March Month 7	April Month 8	May Month 9	June Month 10	July Month 11	August Month 12	Total
592.00	Station expense	1043	6306	4234	2,606	50	16,673	984	1,517	9	64	106	514	34,106
	Prior year	316	282	83	312	16,602	1,169	41	174		270	174	769	20,018
	Change	727	6,024	4,151	2,294	(16,552)	15,504	943	1,343	9	(206)	106	(255)	14,088
593.00	Maintenance of overhead	213,843	155,782	147,449	205,913	176,872	136,271	126,434	145,102	158,344	161,953	182,054	196,169	2,006,186
	Prior year	142,045	221,628	181,989	195,990	199,560	156,973	194,979	186,032	232,098	70,904	521,244	(14,696)	2,288,746
	Change	71,798	(65,846)	(34,540)	9,923	(22,688)	(20,702)	(68,545)	(40,930)	(73,754)	91,049	(339,190)	210,865	(282,560)
593.50	Right-of-way maintainanc	119,480	154,075	92,887	54,936	167,408	76,974	232,717	162,852	151,728	207,436	164,385	192,276	1,777,154
	Prior year	162,962	304,142	200,833	637,913	81,467	75,651	153,408	215,448	156,579	181,215	279,450	132,912	2,581,980
	Change	(43,482)	(150,067)	(107,946)	(582,977)	85,941	1,323	79,309	(52,596)	(4,851)	26,221	(115,065)	59,364	(804,826)
594.00	Underground	1,084	646	788	2,106	1,266	150	1,157	431	674	619	711	672	10,304
	Prior year	1,758	652	98	175	68	6	123	457	383	160	648	2,542	7,070
	Change	(674)	(6)	690	1,931	1,198	144	1,034	(26)	291	459	63	(1,870)	3,234
595.00	Transformer maintainenau	935	2,164	3,386	1,744	2,037	475	1,290	16,175	12,301	8,315	475	(34,722)	14,575
	Prior year	3,353	2,515	1,523	6,269	2,389	2,417	1,760	798	853	848	1,863	651	25,239
	Change	(2,418)	(351)	1,863	(4,525)	(352)	(1,942)	(470)	15,377	11,448	7,467	(1,388)	(35,373)	(10,664)
596.00	Street lights	412	892	1,048	650	919	925	1,565	744	517	809	838	2,120	11,439
	Prior year	335	1,412	9,555	82	610	2,039	1,779	1,332	275	383	357	580	18,739
	Change	77	(520)	(8,507)	568	309	(1,114)	(214)	(588)	242	426	481	1,540	(7,300)
597.00	Meter maintenance	1,125	2,821	1,301	918	629	1,430	108	1,430	1,798	1,958	838	2,120	12,088
	Prior year	2,373	2,373	897	653	629	709	1,268	709	1,028	945	549	1,109	9,531
	Change	1,125	448	404	265	629	0	(1,160)	721	770	1,013	(549)	(1,109)	2,557
598.00	Miscellaneous distribu	23,139	26,218	23,551	23,157	29,366	26,029	28,661	29,359	24,069	20,983	26,519	30,693	311,744
	Prior year	21,995	23,300	16,863	26,434	31,687	23,812	23,798	20,900	20,155	33,764	26,507	28,285	297,500
	Change	1,144	2,918	6,688	(3,277)	(2,321)	2,217	4,863	8,459	3,914	(12,781)	12	2,408	14,244
***	Total Maintenance	368,517	356,749	282,418	300,576	385,823	264,903	400,943	365,782	357,499	409,801	383,552	396,340	4,272,903
	Prior year	339,114	564,189	418,020	884,806	341,952	269,352	384,549	433,957	418,245	295,997	837,271	160,170	5,347,622
	Change	29,326	(206,920)	(127,095)	(584,798)	43,562	(3,335)	16,608	(67,587)	(60,988)	113,378	(454,200)	234,630	(1,067,419)
901.00	Supervision	1,878	1,949	1,998	1,598	1,929	1,987	2,055	2,065	2,050	1,819	2,116	2,120	23,564
	Prior year	1,581	1,715	1,498	4,364	2,730	1,868	1,999	2,011	1,766	1,878	1,959	2,150	25,519
	Change	297	234	500	(2,766)	(801)	119	56	54	284	(59)	157	(30)	(1,955)
902.00	Meter reading	38,695	39,025	41,038	40,268	38,130	39,147	39,162	38,767	40,922	39,204	39,282	39,933	473,573
	Prior year	35,605	40,266	38,385	41,216	39,199	36,626	40,876	44,868	35,872	38,332	38,914	39,023	469,182
	Change	3,090	(1,241)	2,653	(948)	(1,069)	2,521	(1,714)	(6,101)	5,050	872	368	910	4,391
903.00	Consumer records & c	189,160	194,819	192,009	237,996	199,935	157,098	224,088	237,909	185,300	177,901	172,591	187,813	2,356,619
	Prior year	163,645	187,221	171,664	228,819	193,517	172,829	191,139	196,750	179,553	182,300	194,802	205,707	2,267,946
	Change	25,515	7,598	20,345	9,177	6,418	(15,731)	32,949	41,159	5,747	(4,399)	(22,211)	(17,894)	88,673

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Acct #	Description	September Month 1	October Month 2	November Month 3	December Month 4	January Month 5	February Month 6	March Month 7	April Month 8	May Month 9	June Month 10	July Month 11	August Month 12	Total
903.10	Cash short/over	(121)	252	320	345	77	217	245	478	178	251	296	(8)	2,530
	Prior year	113	(153)	611	32	232	398	14	82	197	204	268	116	2,114
	Change	(234)	405	(291)	313	(155)	(181)	231	396	(19)	47	28	(124)	416
904.00	Uncollectibles	14,467	12,344	12,685	16,633	19,636	21,008	18,269	17,351	13,687	14,680	19,583	17,469	197,812
	Prior year	12,765	11,372	12,571	15,244	17,884	19,599	15,967	15,012	12,697	13,857	15,072	14,295	176,335
	Change	1,702	972	114	1,389	1,752	1,409	2,302	2,339	990	823	4,511	3,174	21,477
***	Total Consumer Acct	244,079	248,389	248,050	296,840	259,707	219,457	283,819	296,570	242,137	233,855	233,868	247,327	3,054,098
	Prior year	213,709	240,421	224,729	289,675	253,562	231,320	249,995	258,723	230,085	236,571	251,015	261,291	2,941,096
	Change	30,370	7,968	23,321	7,165	6,145	(11,863)	33,824	37,847	12,052	(2,716)	(17,147)	(13,964)	113,002
907.00	Supervision consumer	1,878	1,949	1,998	1,598	1,929	1,987	2,054	2,066	2,050	1,819	2,116	2,150	23,594
	Prior year	1,581	1,715	1,498	4,364	2,730	1,868	1,999	2,011	1,766	1,878	1,959	2,150	25,519
	Change	297	234	500	(2,766)	(801)	119	55	55	284	(59)	157	0	(1,925)
908.00	Consumer Assistance	31,924	30,803	41,068	(125,798)	54,404	45,390	1,358	49,440	5,656	39,552	14,612	54,581	242,990
	Prior year	42,386	45,181	37,415	45,855	59,176	40,330	48,895	48,979	14,203	33,074	15,773	47,873	479,140
	Change	(10,462)	(14,378)	3,653	(171,653)	(4,772)	5,060	(47,537)	461	(8,547)	6,478	(1,161)	6,708	(236,150)
909.00	Information and instru	6,120	8,121	7,844	6,316	4,965	8,697	3,478	16,598	6,037	20,301	5,429	7,720	101,626
	Prior year	9,207	9,402	7,342	9,179	8,425	10,607	7,994	7,879	11,420	13,042	5,033	19,477	119,007
	Change	(3,087)	(1,281)	502	(2,863)	(3,460)	(1,910)	(4,516)	8,719	(5,383)	7,259	396	(11,757)	(17,381)
910.00	Misc consumer info	527	398	465	502	73	73	73	74	437	357	725	472	4,176
	Prior year	452	566	452	617	452	73	187	724	73	398	398	329	4,721
	Change	75	(168)	13	(115)	(379)	0	(114)	(650)	364	(41)	327	143	(545)
***	Total Customer Serv	40,449	41,271	51,375	(117,382)	61,371	56,147	6,963	68,178	14,180	62,029	22,882	64,923	372,386
	Prior year	53,626	56,864	46,707	60,015	70,783	52,878	59,075	59,593	27,462	48,392	23,163	69,829	628,387
	Change	(13,177)	(15,593)	4,668	(177,397)	(9,412)	3,269	(52,112)	8,585	(13,282)	13,637	(281)	(4,906)	(256,001)
912.00	Demonstration	1,403	1,207	1,303	1,660	1,248	1,167	1,255	1,079	1,473	1,289	1,200	1,385	15,669
	Prior year	985	1,092	970	2,550	1,484	1,090	1,350	1,218	1,034	1,353	1,546	1,137	15,809
	Change	418	115	333	(890)	(236)	77	(95)	(139)	439	(64)	(346)	248	(140)
913.00	Advertising	0	0	0	0	0	0	0	0	0	0	0	0	0
	Prior year	1,403	1,207	1,303	1,660	1,248	1,167	1,255	1,079	1,473	1,289	1,200	1,385	15,669
	Change	985	1,092	970	2,550	1,484	1,090	1,350	1,218	1,034	1,353	1,546	1,137	15,809
***	Total Sales	418	115	333	(890)	(236)	77	(95)	(139)	439	(64)	(346)	248	(140)
	Prior year	50,985	51,817	51,987	34,740	49,593	50,976	53,102	51,131	53,569	51,295	57,942	57,455	614,592
	Change	55,588	58,271	51,620	64,896	65,872	54,058	58,556	55,689	52,708	56,267	58,468	56,207	688,200
920.00	Administrative salaries	(4,603)	(6,454)	367	(30,156)	(16,279)	(3,082)	(5,454)	(4,558)	861	(4,972)	(526)	1,248	(73,608)

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Exhibit X  
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 Witness: Jim Adkins

Acct #	Description	September Month 1	October Month 2	November Month 3	December Month 4	January Month 5	February Month 6	March Month 7	April Month 8	May Month 9	June Month 10	July Month 11	August Month 12	Total
921.00	Office supplies & exp	30,616	36,898	25,198	31,041	31,725	30,374	31,049	37,992	27,358	28,324	33,793	33,803	378,171
	Prior year	32,004	28,819	12,857	28,665	33,823	29,220	25,706	39,272	26,646	30,843	32,442	24,815	345,112
	Change	(1,388)	8,079	12,341	2,376	(2,098)	1,154	5,343	(1,280)	712	(2,519)	1,351	8,988	33,059
923.00	Outside services	15,307	8,687	6,805	8,552	6,120	4,582	8,608	12,211	6,643	7,706	14,943	6,978	107,142
	Prior year	11,194	13,157	11,014	(4,223)	9,790	11,364	4,305	11,434	8,101	7,538	11,298	8,617	103,589
	Change	4,113	(4,470)	(4,209)	12,775	(3,670)	(6,782)	4,303	777	(1,458)	168	3,645	(1,639)	3,553
923.10	Outside svc - economi-	16,174	19,504	14,891	15,192	14,407	15,648	17,046	(8,812)	19,770	15,325	20,169	15,215	174,529
	Prior year	13,668	17,073	13,814	16,584	21,101	16,210	17,516	16,757	17,686	14,898	29,152	27,138	221,597
	Change	2,506	2,431	1,077	(1,392)	(6,694)	(562)	(470)	(25,569)	2,084	427	(8,983)	(11,923)	(47,068)
925.00	Injuries & damanges	17,761	16,288	16,956	20,146	35,102	21,591	22,455	16,520	19,113	21,893	15,374	27,790	250,989
	Prior year	24,642	25,518	24,115	20,981	27,356	12,842	20,425	18,054	18,262	13,699	15,310	20,594	241,798
	Change	(6,881)	(9,230)	(7,159)	(835)	7,746	8,749	2,030	(1,534)	851	8,194	64	7,196	9,191
926.00	Employee benefits													
	Prior year													
	Change	0	0	21,745	(21,745)	0	0	0	0	0	0	0	0	0
928.00	Regulatory commission													
	Prior year													
	Change	0	0	(21,745)	21,745	0	0	0	0	0	0	0	0	0
929.00	Duplicate charge													
	Prior year	(921)	(772)	(761)	(694)	(920)	(1,034)	(1,057)	(1,104)	(796)	(944)	(1,170)	(1,032)	(11,205)
	Change	(787)	(690)	(639)	(653)	(760)	(917)	(1,019)	(782)	(1,562)	(1,777)	(774)	(857)	(11,217)
		(134)	(82)	(122)	(41)	(160)	(117)	(38)	(322)	766	833	(396)	(175)	12
930.10	General advertising	10,246	16,183	11,106	(6,170)	32,194	8,435	6,965	2,679	8,142	11,184	13,165	8,632	122,761
	Prior year	15,558	23,724	22,559	31,517	1,728	9,726	9,257	6,792	7,270	1,436	14,988	9,119	153,674
	Change	(5,312)	(7,541)	(11,453)	(37,687)	30,466	(1,291)	(2,292)	(4,113)	872	9,748	(1,823)	(487)	(30,913)
930.20	Miscellaneous general	24,424	26,554	27,195	42,452	27,322	25,713	25,954	24,885	26,480	24,187	24,390	24,282	323,838
	Prior year	40,337	25,641	29,835	47,019	26,632	24,815	28,404	27,102	25,075	27,774	27,823	28,363	358,820
	Change	(15,913)	913	(2,640)	(4,567)	690	898	(2,450)	(2,217)	1,405	(3,587)	(3,433)	(4,081)	(34,982)
930.21	Directors expenses	15,128	15,484	19,322	19,891	17,100	19,710	22,227	16,611	18,008	15,018	16,611	24,342	219,452
	Prior year	14,380	14,412	16,870	15,621	17,443	17,326	24,558	15,333	15,327	16,443	24,646	15,751	208,110
	Change	748	1,072	2,452	4,270	(343)	2,384	(2,331)	1,278	2,681	(1,425)	(8,035)	8,591	11,342
930.22	Dues in associated con	10,160	51,472	10,160	10,160	10,339	10,339	10,339	10,339	10,339	10,339	10,339	10,339	164,664
	Prior year	9,953	49,649	9,953	18,662	10,160	10,160	10,160	10,160	10,160	10,160	10,160	10,160	169,497
	Change	207	1,823	207	(8,502)	179	179	179	179	179	179	179	179	(4,833)
930.23	Annual meeting	32,746	284		(85)	995	1,900	9,215	2,088	14,535	98,140	4,048	36,614	200,480
	Prior year	1,008	964		(85)	13,750	(11,950)	3,852	12,415	41,026	72,461	2,390	5,990	141,906
	Change	31,738	(680)	0	(85)	(12,755)	13,850	5,363	(10,327)	(26,491)	25,679	1,658	30,624	58,574

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930.24	Capital credit	762	1,806	912	6,503	2,722	1,875	1,776	1,452	941	1,637	2,381	2,189	24,956
	Prior year	509	1,271	2,554	13,991	2,283	2,071	1,915	1,665	950	1,190	1,934	1,654	31,987
	Change	253	535	(1,642)	(7,488)	439	(196)	(139)	(213)	(9)	447	447	535	(7,031)
930.31	Other misc	38	38	0	(1,102)	0	4	1,703	25,470	742	621	(4,519)	4,554	25,808
	Prior year	0	0	0	(1,102)	0	4	(1,703)	323	742	19	158	268	2,471
	Change	38	38	0	0	0	0	0	25,147	0	602	(4,677)	4,286	23,337
935.00	Maintenance of genera	26,323	32,028	38,713	48,086	38,999	45,427	39,398	39,607	28,529	30,347	37,538	36,019	441,014
	Prior year	28,136	28,834	31,177	44,283	47,891	40,455	27,474	41,328	34,326	29,259	29,879	32,471	415,513
	Change	(1,813)	3,194	7,536	3,803	(8,892)	4,972	11,924	(1,721)	(5,797)	1,088	7,659	3,548	25,501
***	Total Administrative &	249,711	276,271	222,484	228,712	265,698	235,540	247,077	231,069	233,373	315,072	245,004	287,180	3,037,191
	Prior year	246,190	286,643	247,474	275,598	277,069	215,380	232,812	255,542	255,975	280,210	257,874	240,290	3,071,057
	Change	3,521	(10,372)	(24,990)	(46,886)	(11,371)	20,160	14,265	(24,473)	(22,602)	34,862	(12,870)	46,890	(33,866)
403.60	Distribution depreciati	295,256	296,571	298,477	300,034	301,558	302,951	304,316	306,275	307,471	309,166	311,014	313,470	3,646,559
	Prior year	279,333	280,942	282,119	283,489	285,244	286,467	287,495	289,040	290,378	291,779	292,805	294,226	3,443,317
	Change	15,923	15,629	16,358	16,545	16,314	16,484	16,821	17,235	17,093	17,387	18,209	19,244	203,242
403.70	General depreciation	27,498	27,636	27,357	26,732	26,747	26,663	26,573	27,859	28,021	27,905	27,867	27,949	328,807
	Prior year	22,512	22,644	24,103	24,139	26,368	28,233	28,331	28,406	29,020	19,928	27,316	26,985	307,985
	Change	4,986	4,992	3,254	2,593	379	(1,570)	(1,758)	(547)	(999)	7,977	551	964	20,822
***	Total Depreciation	322,754	324,207	325,834	326,766	328,305	329,614	330,889	334,134	335,492	337,071	338,881	341,419	3,975,366
	Prior year	301,845	303,586	306,222	307,628	311,612	314,700	315,826	317,446	319,398	311,707	320,121	321,211	3,751,302
	Change	20,909	20,621	19,612	19,138	16,693	14,914	15,063	16,688	16,094	25,364	18,760	20,208	224,064
408.70	Regulatory	0	0	0	0	0	0	0	0	0	0	0	0	78,215
	Prior year	0	0	0	0	0	0	0	0	0	0	0	0	72,243
	Change	0	0	0	0	0	0	0	0	0	0	0	0	5,972
***	Total Tax Expense - O	0	0	0	0	0	0	0	0	0	0	0	0	78,215
	Prior year	0	0	0	0	0	0	0	0	0	0	0	0	72,243
	Change	0	0	0	0	0	0	0	0	0	0	0	0	5,972
427.10	RUS interest	233,958	241,580	291,960	277,134	276,962	245,007	275,427	266,374	270,637	264,946	273,593	279,558	3,197,136
	Prior year	204,003	210,633	206,537	211,024	210,862	211,436	222,589	215,250	220,293	214,226	243,112	238,761	2,608,726
	Change	29,955	30,947	85,423	66,110	66,100	33,571	52,838	51,124	50,344	50,720	30,481	40,797	588,410
427.20	CFC interest	41,144	42,515	48,943	47,817	47,817	50,687	64,401	62,323	58,354	61,009	63,043	59,186	647,239
	Prior year	63,838	65,966	58,334	64,677	64,677	4,491	37,205	36,005	35,793	35,604	36,791	44,532	547,913
	Change	(22,694)	(23,451)	(9,391)	(16,860)	(16,860)	46,196	27,196	26,318	22,561	25,405	26,252	14,654	99,326
***	Total Interest on Long	275,102	284,095	340,903	324,951	324,779	295,694	339,828	328,697	328,991	325,955	336,636	338,744	3,844,375
	Prior year	267,841	276,599	264,871	275,701	275,539	215,927	259,794	251,255	256,086	249,830	279,903	283,293	3,156,639
	Change	7,261	7,496	76,032	49,250	49,240	79,767	80,034	77,442	72,905	76,125	56,733	55,451	687,736

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431.00	Interest - customer dep	76	329	304	357	464	549	1,096	1,099	1,131	1,310	980	26,759	34,454
	Prior year	95	260	235	265	344	445	1,005	905	891	1,286	976	25,487	32,194
	Change	(19)	69	69	92	120	104	91	194	240	24	4	1,272	2,260
431.10	Short-term loans	803	176											
	Prior year	1,526	414			2,480	803	789	935	600	628	240	888	2,962
	Change	(723)	(238)	0	0	(2,480)	(803)	(789)	(935)	(600)	(628)	855	615	(5,726)
***	Total Interest - Other	879	505	304	357	464	549	1,096	1,099	1,131	1,310	2,075	27,647	37,416
	Prior year	1,621	674	235	265	2,824	1,248	1,794	1,840	1,491	1,914	1,216	25,760	40,882
	Change	(742)	(169)	69	92	(2,360)	(699)	(698)	(741)	(360)	(604)	859	1,887	(3,466)
426.10	Donations	683	857	4,046	194	3,832	6,363	2,128	5,641	6,001	4,516	2,103	6,465	42,829
	Prior year	2,850	2,622	15,791	1,881	(2,304)	2,852	13,146	5,145	8,955	4,109	1,696	17,304	74,047
	Change	(2,167)	(1,765)	(11,745)	(1,687)	6,136	3,511	(11,018)	496	(2,954)	407	407	(10,839)	(31,218)
426.30	Penalties				(3,751)									(3,751)
	Prior year	0	0	0	(3,751)	0	0	0	750	0	0	0	3,761	4,511
	Change	0	0	0	(3,751)	0	0	0	(750)	0	0	0	(3,761)	(8,262)
426.40	Civic and related	193	16	158	873	864	520	31	944	657	89	64	52	4,461
	Prior year	317	283	554	1,841	1,051	378	229	144	172	115	14	440	5,538
	Change	(124)	(267)	(396)	(968)	(187)	142	(198)	800	485	(26)	50	(388)	(1,077)
***	Total Other Deduction	876	873	4,204	(2,684)	4,696	6,883	2,159	6,585	6,658	4,605	2,167	6,517	43,539
	Prior year	3,167	2,905	16,345	3,722	(1,253)	3,230	13,375	6,039	9,127	4,224	1,710	21,505	84,096
	Change	(2,291)	(2,032)	(12,141)	(6,406)	5,949	3,653	(11,216)	546	(2,469)	381	457	(14,988)	(40,557)
****	Total Cost of Electric	5,466,363	4,967,031	5,451,370	7,542,219	8,176,312	6,925,990	6,925,000	5,545,248	5,427,238	6,251,509	7,318,145	7,172,585	77,169,010
	Prior year	4,844,910	4,981,710	5,290,031	7,280,496	7,323,216	6,606,226	5,782,149	5,299,784	5,380,242	5,167,861	6,560,768	5,603,097	70,120,490
	Change	621,453	(14,679)	161,339	261,723	853,096	319,764	1,142,851	245,464	46,996	1,083,648	757,377	1,569,488	7,048,520
****	Operating Margins	93,516	(216,560)	(546,649)	887,598	(1,299,603)	1,625,197	(256,462)	921,665	(132,680)	(1,200,159)	401,464	(1,240,709)	(963,382)
	Prior year	184,777	(528,249)	(436,212)	(1,405,362)	(350,712)	1,022,091	464,171	544,133	(456,929)	184,675	(763,010)	(95,963)	(1,636,592)
	Change	(91,261)	311,689	(110,437)	2,292,960	(948,891)	603,106	(720,633)	377,532	324,249	(1,384,832)	1,164,474	(1,144,746)	673,210
**** 419.00	Interest income	14,593	20,545	23,957	22,787	23,384	21,251	19,270	21,170	19,969	21,236	19,523	19,376	247,061
	Prior year	25,874	27,492	25,535	25,018	20,381	21,004	22,970	22,105	22,423	19,449	16,908	16,154	265,313
	Change	(11,281)	(6,947)	(1,578)	(2,231)	3,003	247	(3,700)	(935)	(2,454)	1,787	2,615	3,222	(18,252)
**** 418.00	Equity investments				(95,138)									(95,138)
	Prior year	0	0	0	127,453	0	0	0	0	0	0	0	0	127,453
	Change	0	0	0	(222,591)	0	0	0	0	0	0	0	0	(222,591)
415.00	Rev from contracting													0
	Prior year	575	1,247	320							200		11,776	14,118
	Change	(575)	(1,247)	(320)	0	0	0	0	0	0	(200)	0	(11,776)	(14,118)

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415.10	Rev from ETS heaters	5,496	25,891	38,722	36,627	21,483	13,689	9,531	4,625	2,603	2,583	2,576	2,480	166,306
	Prior year	19,432	33,591	36,296	12,809	11,852	6,532	5,650	2,854	4,781	2,801	2,758	19,481	158,837
	Change	(13,936)	(7,700)	2,426	23,818	9,631	7,157	3,881	1,771	(2,178)	(218)	(182)	(17,001)	7,469
415.10	Rev from water heater	4,550	6,812	6,887	6,436	6,171	5,903	6,520	6,875	10,758	4,839	5,087	5,205	76,043
	Prior year	5,453	8,825	9,080	4,657	7,795	8,780	5,455	8,211	7,183	6,295	5,100	9,030	85,864
	Change	(903)	(2,013)	(2,193)	1,779	(1,624)	(2,877)	1,065	(1,336)	3,575	(1,456)	(13)	(3,825)	(9,821)
416.00	Cost of contracting		(244)	239										(5)
	Prior year	(2,088)	(2,096)	(1,075)	(881)	(15)	15	0	0	0	0	0	(12,282)	(18,422)
	Change	2,088	1,852	1,314	881	15	(15)	0	0	0	0	0	12,282	18,417
416.02	Cost of ETS heaters	(6,687)	(36,110)	(34,350)	(54,509)	(25,820)	(13,196)	(14,805)	(3,755)	(997)	(1,598)	(1,844)	(2,337)	(196,008)
	Prior year	(16,692)	(38,306)	(34,846)	(17,519)	(17,248)	(9,872)	(8,713)	(1,567)	(1,133)	(4,492)	(1,173)	(23,459)	(175,020)
	Change	10,005	2,196	496	(36,990)	(8,572)	(3,324)	(6,092)	(2,188)	136	2,894	(671)	21,122	(20,988)
416.04	Cost of water heaters	(949)	(6,351)	(4,890)	(7,917)	(7,669)	(6,620)	(5,405)	(7,776)	(6,995)	(2,926)	(6,302)	(6,322)	(70,122)
	Prior year	(6,373)	(7,143)	(9,521)	(4,523)	(11,298)	(9,247)	(2,461)	(8,529)	(7,253)	(7,765)	(7,217)	(10,232)	(91,562)
	Change	5,424	792	4,631	(3,394)	3,629	2,627	(2,944)	753	258	4,839	915	3,910	(21,440)
417.00	Rev from S-5 loan interest													0
	Prior year	142	86	61	35	16	5	2	2	0	2	2	0	353
	Change	(142)	(86)	(61)	(35)	(16)	(5)	(2)	(2)	0	(2)	(2)	0	(353)
417.01	Rev from meter poles	8,010	6,660	5,340	4,080	2,400	4,200	5,400	7,230	10,440	9,070	7,990	9,225	80,045
	Prior year	9,912	7,350	5,530	3,160	4,210	3,280	6,300	9,885	7,590	8,360	5,760	8,740	80,077
	Change	(1,902)	(690)	(190)	920	(1,810)	920	(900)	(2,655)	2,850	710	2,230	485	(32)
417.02	Rev from S-12 loan in													
	Prior year	666	622	556	517	468	430	389	349	304	295	271	251	5,118
	Change	1,603	1,510	1,422	1,416	1,262	1,158	1,073	998	942	856	783	726	13,749
	Change	(937)	(888)	(866)	(899)	(794)	(728)	(684)	(649)	(638)	(561)	(512)	(475)	(8,631)
417.06	Rev from temp service	7,356	6,616	6,043	4,816	3,375	3,228	4,101	2,553	3,936	5,151	2,368	2,580	52,123
	Prior year	6,324	7,030	6,614	6,392	5,806	5,828	6,239	6,516	6,588	6,758	8,321	8,681	81,097
	Change	1,032	(414)	(571)	(1,576)	(2,431)	(2,600)	(2,138)	(3,963)	(2,652)	(1,607)	(5,953)	(6,101)	(28,974)
417.10	Exp of S-5 loans	(2,797)	(1,967)	(2,058)	43,394	(1,274)	(1,132)	(1,039)	(939)	(1,310)	(2,168)	(2,017)	(2,057)	24,636
	Prior year	(8,409)	(5,994)	(4,502)	(1,352)	(4,370)	(3,893)	(3,548)	(3,421)	(2,693)	(3,157)	(2,986)	(3,010)	(47,335)
	Change	5,612	4,027	2,444	44,746	3,096	2,761	2,509	2,482	1,383	989	969	953	71,971
417.11	Exp of meter pole serv	(3,473)	(8,674)	(5,538)	(5,504)	(3,121)	(3,954)	(6,089)	(8,858)	(10,595)	(9,583)	(8,365)	(9,761)	(83,515)
	Prior year	(9,725)	(6,368)	(5,077)	(3,001)	(4,325)	(2,957)	(5,623)	(11,074)	(8,189)	(9,121)	(6,038)	(9,730)	(81,238)
	Change	6,252	(2,306)	(461)	(2,503)	1,204	(997)	(466)	2,216	(2,406)	(462)	(2,327)	(31)	(2,287)
417.12	Exp of S-12 loans	(1,883)	(2,082)	(2,409)	48,734	(866)	(1,184)	(863)	(799)	(474)	(1,125)	(1,532)	(1,977)	33,540
	Prior year	(658)	(1,289)	(1,409)	(1,149)	(1,631)	(2,221)	(2,152)	(2,082)	(1,356)	(1,882)	(1,885)	(1,977)	(19,309)
	Change	(1,225)	(793)	(1,000)	49,883	765	1,037	1,289	1,283	882	757	353	(382)	52,849

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417.14	Exp of temp service re													
	Prior year	(3,549)	(4,042)	(2,895)	(2,100)	(1,096)	(1,056)	(2,207)	(876)	(3,243)	(3,430)	(978)	(1,133)	(26,605)
	Change	(4,259)	(4,545)	(2,495)	(4,021)	(3,793)	(4,334)	(8,025)	(6,633)	(7,341)	(7,002)	(6,693)	(5,258)	(64,399)
418.01	Rev from 933 N Main	710	503	(400)	1,921	2,697	3,278	5,818	5,757	4,098	3,572	5,715	4,125	37,794
	Prior year	600		600	600	600	600	600	600	600	300	300	600	3,300
	Change	600	0	600	(600)	0	0	600	(600)	600	(300)	0	(600)	(300)
418.02	Rev from 1522 Warrin													
	Prior year	350	350	350	350	350	350	350	350	350	350	350	350	4,200
	Change	350	350	350	350	350	350	350	350	350	350	350	350	4,200
418.06	Exp of 933 N Main pr.													
	Prior year	(172)	(171)	(172)	(182)	(171)	(172)	(172)	(171)	(171)	(173)	(173)	(459)	(2,359)
	Change	(142)	(142)	(142)	(158)	(153)	(153)	(152)	(153)	(152)	(124)	(172)	(172)	(1,815)
418.07	Exp of 1522 Warner I													
	Prior year	(529)	(529)	(529)	(546)	(565)	(565)	(565)	(565)	(565)	(567)	(567)	(628)	(6,720)
	Change	(308)	(313)	(1,214)	(337)	(327)	(327)	(327)	(331)	(327)	(265)	(321)	(1,779)	(6,176)
421.01	Rev from farm													
	Prior year	0	0	0	0	2,800	0	0	0	0	0	0	1,151	(544)
	Change	0	0	0	0	2,800	0	0	0	0	0	0	1,151	(544)
421.02	Exp of farm													
	Prior year	(80)	(80)	(80)	(84)	(80)	(80)	(92)	(1,274)	(142)	(228)	(92)	(92)	(2,404)
	Change	(78)	(78)	(78)	(85)	(82)	(82)	(82)	(82)	(1,342)	(1,140)	(80)	(80)	(3,289)
421.10	Gain/loss on disposition													
	Prior year	2,000	2,000	2,669	(2,949)	14	8,407	(4,616)	(139)	8,138	62,734	(328)	326	885
	Change	(26,493)	2,000	(2,669)	(2,949)	14	(8,407)	(4,616)	(4,359)	(8,138)	(62,734)	3	(326)	(6,018)
***	Total Non Operating A	6,909	(11,299)	5,816	71,163	(3,001)	(159)	(8,962)	(3,170)	4,499	790	(3,556)	(4,675)	54,355
	Prior year	22,152	(6,285)	1,983	(3,607)	(8,551)	1,269	(6,014)	(97)	5,786	54,008	(3,488)	(7,887)	49,269
	Change	(15,243)	(5,014)	3,833	74,770	5,550	(1,428)	(2,948)	(3,073)	(1,287)	(53,218)	(68)	3,212	5,086
*** 423.00	Patonage capital - East KY													
	Prior year	0	0	0	3,223,668	0	0	0	0	0	0	0	0	0
	Change	0	0	0	(3,223,668)	0	0	0	0	0	0	0	0	3,223,668
*** 424.00	Total Other Patronage	40,050					5,802							
	Prior year	20,379	2,203											
	Change	19,671	(2,203)	0	0	0	5,802	0	0	0	2,770	0	0	3,223,668
*****	Net Margins	155,068	(207,314)	(516,876)	886,410	(1,279,220)	1,652,091	(246,154)	939,665	(108,212)	(1,175,363)	417,431	(1,169,777)	(652,251)
	Prior year	253,182	(504,839)	(408,694)	1,967,170	(338,882)	1,044,364	481,127	566,141	(428,720)	258,130	(749,590)	(29,364)	2,110,025
	Change	(98,114)	297,525	(108,182)	(1,080,760)	(940,338)	607,277	(727,281)	373,524	320,508	(1,433,493)	1,167,021	(1,140,413)	(2,762,276)

ACCOUNT	DESCRIPTION	AMOUNT
106.00	COMPL CONST NOT CLASF - ELECTRIC	0.00
107.00	CONST WORK IN PROGRESS-INDIRECT	0.00
107.11	CONST WIP - CONTRACT (SCADA)	0.00
107.12	CONST WIP-CONTRACT(SCADA)PHASEII	682.07
107.13	CONSTRUCT WIP-LINK SYSTEM	1,374.61
107.14	CONSTRUCTION WIP - RADIO SYSTEM	750,543.62
107.20	CONST WORK IN PROGRESS-F A	912,876.07
107.30	CONST WORK IN PROGRESS-SP EQUIP	0.00
107.80	CONSTRUCTION WIP - BUILDINGS	549,303.03
108.00	RETIRE WORK IN PROGRESS-INDIRECT	0.00
108.60	ACC PROV FOR DEPR-DIST PLANT	23,479,593.48
108.70	ACC PROV FOR DEPR-OFFICE FURN	318,911.84
108.71	ACC PROV FOR DEPR-TRANS EQUIP	4,507,070.90
108.72	ACC PROV FOR DEPR-TOOLS POWER DR	61,980.38
108.73	ACC PROV FOR DEPR-STR & IMPR	853,850.62
108.74	ACC PROV FOR DEPR-LAB EQUIP	117,931.28
108.75	ACC PROV FOR DEPR-COMM EQUIP	250,582.50
108.76	ACC PROV FOR DEPR-MISC EQUIP	64,550.04
108.77	ACC PROV FOR DEPR-STORES EQUIP	74,704.56
108.78	ACC PROV FOR DEPR-TOOL,SH,GAR,EQ	69,781.04
108.79	ACC PROV FOR DEPR-COMP & PROC EQ	1,194,335.53
108.80	RETIREMENT WORK IN PROGRESS	72,877.38
108.90	ACC PROV FOR DEPR-COMPUTER - AVI	117,360.80
108.99	ACC PROV FOR DEPR-GEN PLANT CORR	0.00
121.00	NONUTIL PROPERTY (FARM LAND)	25,588.83
121.01	NONUTIL PROP(RENTHOUSE LAND-931)	0.00
121.02	NONUTIL PROP(RENTHOUSE LAND-933)	50,460.50
121.03	NONUTIL PROP(RTHOUSE LAND-RSPRG	16,870.00
121.20	NONUTIL PROP (T S & C BARN)	19,706.15
121.21	NONUTIL PROP(RENTHOUSE BLDG-931)	0.00
121.22	NONUTIL PROP(RENTHOUSE BLDG-933)	25,093.50
121.23	NU-PROP(RH BLDG-1522W ST WARRINE	65,072.64
121.24	NU PROP(SILENT GUARD SEC SYSTEMS	0.00
121.25	NONUTIL PROP(RENTAL METER BASES)	39,409.45
121.26	NONUTIL PROP(LIFEGARD MED ALERT)	0.00
121.27	PROP(RENTHOUSE-SUNFLOWER DR)	50,000.00
122.00	ACC PROV FOR DEPR-NONUT PROP	10,064.41
122.01	ACC PROV DEPR(NONUT PROP-RH 931)	0.00
122.02	ACC PROV DEPR(NONUT PROP RH-933)	14,778.23
122.03	ACC PROV DEPR(NU PROP RH-1522)	31,079.48
122.04	ACC PROV DEPR(SILENT GUARD SEC-S	0.00
122.05	ACC PROV DEPR(RENTAL METER BASES	21,627.19
122.06	ACC PROV DEPR(LIFEGARD MED ALERT	0.00
122.07	ACC-PROV DEPR(NUPROPRH-SUNFLOWER	3,958.65
123.10	PATR CAP FROM ASSOC COOPS	19,225,662.90
123.11	PATRONAGE CAPITAL-ASSOC ORG(KTI)	0.00
123.12	PATR CAP-ASSOC ORG-SO KY SERVICE	181,139.00
123.21	SUB TO CTC'S - CFC	0.00
123.22	INVEST IN CTC'S - CFC	1,524,183.00



ACCOUNT	DESCRIPTION	AMOUNT
123.23	OTHER INVEST IN ASSDC ORG	62,230.00
123.24	INVEST CTC NON-INTEREST-BEARING	154,715.72
124.00	OTHER INVESTMENTS	0.00
124.01	OTHER INVEST-ECONOMIC DEV LOANS	636,223.42
128.00	OTHER SPEC FUNDS(DEF COMP-GORE)	0.00
128.01	OTHER SPEC FUNDS(DEF COMP-ESTES)	0.00
128.02	OTHER SPEC FUNDS(DEF COMP-CAVITT)	0.00
128.03	OTHER SPECIAL FUNDS(DEF COMP #4)	0.00
128.04	OTHER SPECIAL FUNDS(DEF COMP #5)	0.00
128.05	OTHER SPECIAL FUNDS - RCCU	0.00
128.11	OTHER SPECIAL FUNDS-RES-DEF-COMP	0.00
128.12	OTHER SPECIAL FUND-RESERVE-NRECA	0.00
128.13	OTHER SPECIAL FUNDS-RES-DEF COMP	0.00
128.14	CASH-SP-FUND-BMA MEDICAL-DENTAL	0.00
131.10	CASH-GENERAL-CUMBERLAND SECURITY	1,112,442.35
131.15	CASH-PAYROLL-CUMBERLAND SECURITY	1,000.00
131.20	CASH-CONST FUND-TR(CUMB SECURITY	0.00
131.40	TRANSFER OF FUNDS	0.00
131.41	TRANSFER OF FUNDS-DIRECT DEPOSIT	0.00
131.51	CASH COLLECT(AREA BANK-SOMERSET)	15,646.25
131.52	CASH COLLECT(AREA BANK-MONT)	0.00
131.53	CASH COLLECT(AREA BANK-R SPGS)	3,455.94
131.54	CASH COLLECT(MCCREARY-NAT'L-BANK	55,408.52
131.90	CASH-GEN(UNION PLANTERS-SOMERSET	0.00
131.95	CASH-PAYROLL(CITIZENS-SOMERSET)	500.01
135.00	WORKING FUNDS	11,600.00
135.11	WORKING FUNDS (EXPENSE ADVANCE)	30.00
135.12	WORKING FUNDS(TEMPORARY ADVANCE)	2,000.00
136.00	TEMP CASH INVEST-CFC COMI PAPERS	0.00
136.01	TEMP INVEST-KAEC CD DETOX CERT	5,000.00
136.02	TEMP INVEST-RCCU	0.00
136.03	TEMP INVEST-MCCREARY-NAT'L-BANK	0.00
136.10	TEMP INVEST-CUMBERLAND SECURITY	2,605,613.58
136.11	TEMP INVEST-BANK OF MCCREARY CO	115,053.12
136.12	TEMP INVEST-CITIZENS BANK-ALBANY	104,184.88
136.13	TEMP INVEST-MONTICELLO BANKING	122,741.84
136.14	TEMP INVEST-1ST NATL BK OF R SPG	125,766.09
136.15	TEMP INVEST-1ST ST BANK-WAYNE CO	0.00
136.16	TEMP INVEST-CITIZENS NAT'L-SOM	78,840.62
136.17	TEMP INVEST-BANK OF JAMESTOWN	0.00
136.18	TEMP INVEST-BANK OF CLINTON CO	0.00
136.19	TEMP INVEST-CUMB SECURITY (C CR)	343,331.72
136.20	TEMP INVEST-CITIZENS NATL(ESCROW)	0.00
136.21	TEMP INVEST-1ST NAT'L BANK-RS-CO	504,006.86
136.22	TEMP IVEST - CASEY CO BANK	0.00
136.23	TEMP INVEST-FARMERS DEPOSIT BANK	0.00
136.24	TEMP INVEST-CITIZENS BANK-ALBANY	0.00
136.25	TEMP INVEST-1ST SOUTHERN NAT'L	0.00
136.26	TEMP INVEST - MONTICELLO BANKING	0.00



ACCOUNT	DESCRIPTION	AMOUNT
136.27	TEMP INVEST-BANK OF MCCREARY CO	0.00
136.90	TEMP-INVEST-CITIZENS-NAT'L(C-CR)	1,150.88
141.00	NOTES RECEIVABLE (S-5 LOANS)	0.00
141.01	NOTES RECEIVABLE - CONTRACTOR	0.00
141.02	NOTES RECEIVABLE (S-12 LOANS)	28,020.37
141.10	ACC PROV FOR UNCL NOTES-CREDIT	1,316.73
141.11	ACC PROV FOR UNCL NOTES-CR(S-12)	2,286.16
141.98	NOTES REC-SALES (CLEARING S-12)	0.00
141.99	NOTES RECEIVABLE-SALES (CLEARING	0.00
142.10	CUSTOMER ACCTS REC - ELECTRIC	4,087,049.70
142.11	CUSTOMER ACCTS REC-ADJ-CLEARING	503.73
142.12	CUSTOMER ACCTS REC-SUBSIDY	0.00
142.13	CUSTOMER ACCTS REC-CRISIS	806.70
142.14	CUST-ACCTS REC-SUMMER-COOLING	0.00
142.20	CUST ACCTS REC-OTHER(RET CHECKS)	100.00
142.30	ACCOUNTS RECEIVABLE-BILLING LAG	1,143,058.15
142.31	ACCOUNTS REC-FUEL-COSTADJUSTMENT	589,427.00
143.00	OTHER ACCOUNTS RECEIVABLE	741,798.66
143.01	OTHER A/R - SO KY SERVICES	1,125.04
143.02	OTHER ACCTS REC-T-SHIRTS	0.00
143.03	OTHER ACCTS RECEIVABLE - NOVA	22,770.99
143.04	OTHER ACCOUNTS RECEIVABLE - ETS	0.00
143.05	OTHER ACCTS REC - BC/BS HIGH	9,800.61
143.06	OTHER ACCTS REC - SILENT GUARD	0.00
143.07	OTHER ACCTS REC - GRAYSON RECC	0.00
143.08	OTHER ACCTS REC - TAYLOR CO-RECC	0.00
143.11	OTHER ACCTS REC-UNIFORMS	0.00
143.12	OTHER ACCTS REC-RETIREMENT	0.00
143.13	OTHER ACCTS REC-COL-ACCDT-INS	173.00
143.14	OTHER ACCTS REC-CANCER INS	1,319.72
143.15	OTHER ACCTS REC-NRECA SAVINGS	0.00
143.16	OTHER ACCT-REC-NRECA-DEP-LIFE-IN	73.02
143.17	OTHER ACCTS REC-DENTAL INSURANCE	896.18
143.18	OTHER ACCTS REC-IRA	0.00
143.19	OTHER ACCT REC- KY HOME LIFE INS	0.00
143.20	OTHER A/R-NRECA RETIRED LIFE INS	248.03
143.21	OTHER ACCTS REC-PART TIME BC/BS	174.49
143.22	OTHER ACCTS REC-401K DEF-COMP	0.00
143.23	OTHER ACCTS REC-VOL DEF COMP	0.00
143.24	OTHER ACCTS REC - BC/BS LIFE INS	0.00
143.25	OTHER A/R-BC/BS GUARDIAN LIFEINS	406.84
143.26	OTHER ACCTS REC-NELSON VLY WATER	148.34
143.27	OTHER ACCTS REC-DAKHILL WTR ASSO	0.00
143.28	OTHER ACCT-REC-PLEASANT HILL-WTR	0.00
143.29	OTHER ACCT REC-PUL CO#2 WTR DIST	0.00
143.30	OTHER A/C REC-EMP CLOTHING PURCH	903.68
143.31	OTHER A/C-COURT-ORDERED WITHHOLD	0.00
143.32	OTHER ACCTS REC - UNITED WAY	358.68
143.33	OTHER ACCTS REC-EAST KY INCENTIV	4,758.78



ACCOUNT	DESCRIPTION	AMOUNT
143.34	OTHER ACCTS REC - ACRE	130.00-
143.35	OTHER ACCTS REC - SAFETY GLASSES	0.00
143.36	OTHER A/R - EKP MICROWAVE TOWER	0.00
143.37	OTHER ACCTS REC-UNIFORM CLEANING	13.60
143.38	OTHER A/R - CUMB SECURITY BANK	0.00
143.39	OTHER A/R - PEOPLES LOAN CO	0.00
143.90	ALLOWANCE FOR UNCL-OTHER REC	0.00
144.10	ACC PROV FOR UNCL-CUST ACCT-CR	396,382.20
146.00	A/R FROM ASSOC COMPANIES - KTI	0.00
151.00	FUEL STOCK	0.00
154.10	PLANT MATERIAL & OPER SUPPLIES	31,970.35
154.20	VEHICLE PARTS INVENTORY	1,264,124.23
155.00	MERCHANDISE (SCHOOL APPLIANCES)	212,977.34
155.10	MERCHANDISE - MISC-PROMOTIONS	0.00
155.11	MERCHANDISE (WATER HEATERS)	64,390.98
155.12	MERCHANDISE(SILENT GUARD SEC SYS	0.00
155.13	MERCHANDISE(METER POLE SERV MAT)	43,512.76
155.20	INVENTORY - ETS HEATERS	20,994.61
155.30	MERCHANDISE INV(WEATHERIZATION)	0.00
163.00	STORES EXPENSE UNDISTRIBUTED	0.00
165.10	PREPAYMENTS - INSURANCE	448,000.56
165.11	PREPAYMENTS - NRECA RETIREMENT	0.00
165.20	PREPAYMENTS - KAEC-DUES	41,356.72
165.21	NRECA PREPAID BUY BACK 30 YR RET	0.00
165.22	PREPAYMENTS-SPARE TRANSFORMER PROG	5,565.48
165.23	OTHER PREPAYMENTS (FARM RENT)	0.00
171.00	INTEREST & DIVIDEND REC (CFC)	29,687.94
171.10	INT & DIVIDEND INCOME REC (ATI)	0.00
172.00	RENT REC (JOINT POLE USE-NET)	632,000.00
183.10	PREL SURVEY&INVSITIG CHG-LR STUDY	0.00
183.11	PREL SURVEY&INVSITIG - SUBOFFICES	0.00
183.12	PREL SURVEY&INVSITIG - SCADA	0.00
183.13	PREL S&I-S/S ADD-M/S & OPER	0.00
184.10	TRANSPORTATION EXPENSE-OVERHEAD	1,829,165.88
184.21	CLEARING ACCOUNT-GENERAL PLANT	0.00
184.22	EMPLOYEE PENSION&BENEFIT-CLEARING	0.00
184.40	TRANSPORTATION EXPENSE-CLEARING	1,906,809.14
186.00	MISC DEF DEBITS - RETIREMENT-EXP	0.00
186.01	MISC DEF DEBITS - LEGAL EXPENSES	0.00
186.02	MIS DEF DEBIT-ENVIRONMENT SURCHG	296,332.00
186.03	MISC DEF DEBITS - OTHER	0.00
186.04	MISC DEF DEBITS - DEF COMP	0.00
186.05	MISC DEF DR-FRNG BENE ALL OTHERS	0.00
186.06	MISC DEF DR - MEDICAL EXPENSE	0.00
186.07	MISC DEF DR - DENTAL EXPENSE	0.00
186.08	MISC DEF DR - LIFE INS EXPENSE	0.00
186.12	PREM SURVEY & INVEST (SCADA)	0.00
186.13	MISC DEF DEBITS-MINOR MAT ISSUED	0.00
186.15	MISC DEF DEBITS - LTD EXPENSE	0.00

ACCOUNT	DESCRIPTION	AMOUNT
186.16	MISC DEF DR - BUY-BACK 30 YR RET	0.00
186.17	MISC DEF DEBITS - COLA ON RETIRE	0.00
186.18	MISC DEF DR - SAVINGS EXPENSE	0.00
186.20	DEFERRED COMPENSATION	0.00
200.00	MEMBERSHIPS ISSUED	1,165,578.50
201.10	PATRONS CAP CREDITS - ASSIGNED	49,611,337.87
201.20	PATRONAGE CAPITAL ASSIGNABLE	3.57
208.00	DONATED CAPITAL	0.00
217.00	RETIRED CAPITAL CREDITS-GAIN	495,716.88
219.10	OPERATING MARGINS	0.00
219.20	NON-OPERATING MARGINS	0.00
219.30	OTHER MARGINS - PRIOR YEARS LOSS	693,597.86
224.11	OTHER LTD - SUBSCRIPTIONS	0.00
224.12	OTHER LTD - CFC	11,917,632.06
224.13	CFC NOTES EXECUTED - DEBIT	0.00
224.14	LTD-HEWLETT PACKARD-CAPITAL LEAS	0.00
224.16	LTD-REA ECON DEV NOTES EXECUTED	597,276.46
224.17	REA NOTES EXECUTED-ECON DEV-DR	0.00
224.22	CURRENT MATURITIES-LTD-CFC	432,692.86
224.26	CURRENT MATURITIES-LTD-ECON DEV	38,946.96
224.30	LTD - REA CONST NOTES EXECUTED	67,523,373.26
224.31	CURRENT MATURITIES=LTD-RUS	2,132,230.91
224.40	REA NOTES EXECUTED-CONST-DEBIT	0.00
224.50	INT ACCRUED-DEFERRED-REA CONST	0.00
224.60	ADV PAYMENTS UNAPPLIED-LTD-DEBIT	317,078.30
228.30	ACC PROV FOR PENSIONS & BENEFITS	3,753,696.41
231.00	NOTES PAYABLE	0.00
231.11	NOTES PAYABLE - CFC SHORT TERM	802,692.24
232.00	ACCOUNTS PAYABLE - GENERAL	888,706.70
232.10	ACCOUNTS PAYABLE - EAST KY POWER	5,504,793.00
232.11	ACCOUNTS PAYABLE - CREDIT UNION	0.00
232.12	ACCTS PAYABLE-PROVIDENT LIFE-INS	782.97
232.13	ACCTS PAYABLE - ELEC PMT REFUNDS	0.00
232.14	A/P - KY SALES AND USE TAX	0.00
232.15	ACCOUNTS PAYABLE - CREDIT CARDS	0.00
232.16	ACCOUNTS PAYABLE - EFTPS	0.00
232.17	ACCOUNT PAYABLE - ANTHEM BC/BS	0.00
232.18	ACCOUNT PAYABLE - SILENT GUARD	0.00
232.19	ACCOUNTS PAYABLE-DAVIS H ELLIOT	0.00
232.20	A/P - EMPLOYER'S 401-K	0.00
232.30	ACCOUNTS PAYABLE - OTHER	120.00
232.40	ACCOUNTS PAYABLE - REA	0.00
232.50	ACCOUNTS PAYABLE - CFC	0.00
232.60	ACCOUNTS PAYABLE - FEUD FOR FOOD	0.00
232.61	ACCOUNTS PAYABLE - PEOPLE FUND	2,042.21
232.62	ACCOUNTS PAYABLE-CSB (LOAN PMT)	0.00
232.63	A/P-PEOPLES LOAN (LOAN PMTS)	0.00
232.64	ACCOUNTS PAYABLE - AIR EVAC	30.00
235.00	CUSTOMER DEPOSITS	607,015.17

ACCOUNT	DESCRIPTION	AMOUNT
236.10	ACCURED PROPERTY TAXES	608,398.79-
236.20	ACC U S SOC SEC - UNEMPLOYMENT	284.03
236.30	ACC U S SOC SEC - FICA	0.00
236.40	ACC STATE SOC SEC - UNEMPLOYMENT	226.64-
236.50	ACCURED KY SALES TAX - CONSUMERS	104,710.43
236.51	ACCURED TN SALES TAX - PREPAYMENT	60,955.00
236.52	ACCURED TN SALES TAX - CONSUMERS	478.50-
236.70	ACCURED TAXES-SCHOOL(PULASKI)	83,394.83
236.71	ACCURED TAXES-SCHOOL(ADAIR)	1,322.49-
236.72	ACCURED TAXES-SCHOOL(CASEY)	3,757.76-
236.73	ACCURED TAXES-SCHOOL(CLINTON)	26,911.09
236.74	ACCURED TAXES-SCHOOL(CUMBERLAND)	62.20-
236.75	ACCURED TAXES-SCHOOL(LAUREL)	8.58-
236.76	ACCURED TAXES-SCHOOL(LINCOLN)	2,876.68
236.77	ACCURED TAXES-SCHOOL(MCCREARY)	20,132.35-
236.78	ACCURED TAXES -SCHOOL(ROCKCASTLE)	122.14-
236.79	ACCURED TAXES-SCHOOL(RUSSELL)	26,524.57-
236.80	ACCURED TAXES-SCHOOL(WAYNE)	28,367.44-
237.10	INTEREST ACCR-REA CONST OBLIG	0.00
237.31	OTHER-INTEREST ACC-(CFC-LTD)	0.00
237.32	INTEREST ACCR-CFC SHORT TERM	0.00
237.33	INTEREST ACCR-CONSUMER DEPOSITS	6,790.64-
237.34	INTEREST ACCR SS DEALERS RESERVE	0.00
238.10	PATRONAGE CAPITAL PAYABLE	0.00
241.10	ACCURED FED INCOME TAX-EMPLOYEES	0.00
241.20	ACCURED-STATE-INCOME TAX-EMPL	0.00
241.21	LOCAL TAX W/H-CITY OF RUSSELL SP	295.66-
241.22	LOCAL TAX W/H - PULASKI COUNTY	8,499.70-
241.23	LOCAL TAX W/H - RUSSELL-COUNTY	379.51-
241.24	LOCAL TAX W/H - CASEY COUNTY	0.00
241.25	LOCAL TAX W/H - CLINTON COUNTY	808.26-
241.26	LOCAL TAX W/H - LINCOLN COUNTY	45.10-
241.27	LOCAL TAX W/H - WAYNE COUNTY	1,286.54-
241.28	LOCAL TAX W/H - MCCREARY COUNTY	1,239.84-
241.50	MONTICELLO - FRANCHISE TAX	2,428.00-
241.51	ALBANY - FRANCHISE TAX	8,631.07-
242.20	ACCURED PAYROLLS	230,801.25-
242.21	ACCURED SALARIES	0.00
242.30	ACCURED EMPLOYEES' VACATION	0.00
242.40	ACCURED EMPLOYEES' SICK LEAVE	1,601,201.01-
242.41	ACCR EMPLOYEES S/L-TRUST-ASSETS	1,063,952.61
242.52	EMPLOYEES S & L ASSOCIATION	0.00
242.53	ACCR DEALERS RESERVE (S-5 ACCTS)	0.00
242.54	ACCURED EMPLOYEES CLOTHING ALLOW	0.00
242.55	MISC ACCR LIAB-AUDIT EXPENSE	6,000.00-
242.56	MISC ACCURED LIABILITY	0.00
242.60	ACCURED-INSURANCE	0.00
252.00	CUST ADV CONST (EXCESS OF 1000')	272,006.66-
252.01	CUST ADV CONST (QUES PERM SER)	48,589.67-

ACCOUNT	DESCRIPTION	AMOUNT
252 02	CUST ADV CONST (URD EXTENSIONS)	105,636.98-
252 03	CUST ADV CONST (TEMP SERVICES)	94,120.25-
252 04	CUST ADV CONST(M H 150' TO 300')	0.00
252 05	CUST ADV CONST(M H 300' TO 1000')	47,899.47-
252 06	CUST ADV CONST(M H OVER 1000')	27,139.32-
252 07	CUST ADV CONST(OTHER-CR REF CON)	49,338.90-
252 08	CUST ADV CONST(M H 1975 & PRIOR)	0.00
252 09	CUST ADV CONST(BARNS, S BLDG, ETC)	35,152.01-
252 10	CUST ADV ON SEC LIGHT INSTALL	0.00
252 11	CAC-PRELIM ADV FOR IMMED CONSTRU	0.00
253 02	OTHER DEF CR(UNCLAIMED-CC-REFUND)	2,575,820.76-
253 03	OTHER DEFERRED CREDITS (PATRONS)	3,643.95-
253 04	OTHER DEF CREDITS(SCH APPLIANCE)	0.00
253 05	OTHER DEFERRED CREDIT(INVENTORY)	0.00
253 06	OTHER DEF CR (METER TEST FEES)	48.00-
253 10	OTHER DEF CR (CONS ENERGY PREPMT)	0.00
253 11	OTHER DEF CR(CFG-INTEGRITY FUND)	0.00
253 12	OTHER DEF CR(MONOR MAT EXPENSED)	0.00
360 00	LAND & LAND RIGHTS (DIST PLANT)	52,264.44
362 00	STATION-EQUIPMENT	0.00
362 01	STATION EQUIPMENT, SCADA TOWERS	261,981.97
362 02	STATION EQUIP-OTHER SCADA EQUIP	510,124.91
364 00	POLES, TOWERS & FIXTURES	37,722,490.38
365 00	OVERHEAD CONDUCTORS & DEVICES	38,411,065.50
366 00	UNDERGROUND CONDUIT	310,988.66
367 00	UNDERGROUND CONDUCTORS & DEVICES	2,654,010.14
368 00	LINE TRANSFORMERS	21,503,692.22
369 00	SERVICES	15,032,672.04
370 00	METERS	3,970,015.34
371 00	INSTALLATIONS ON CUST PREMISES	4,703,722.17
373 00	STREET LIGHTING & SIGNAL SYSTEMS	307,371.86
389 00	LAND & LAND RIGHTS (GEN-PLANT)	301,554.56
389 10	LAND & LAND RIGHTS(SOMERSET)	1,200,675.36
389 11	LAND & LAND RIGHTS(WHITLEY CITY	715,578.53
389 12	LAND & LAND RIGHTS(ALBANY)	116,488.26
389 13	LAND & LAND RIGHTS(MONTICELLO)	197,498.31
389 14	LAND & LAND RIGHTS(RUSSELL SPRGS	292,047.64
389 20	LAND & LAND RIGHTS (PHELPS PROP)	0.00
389 40	LAND & LAND RIGHTS (ACCESS ROAD)	0.00
390 00	STRUCTURES & IMPROVEMENTS	2,280,480.95
390 01	S&I(WHITLEY-STORAGE ADDITION-00)	0.00
390 02	S&I-WHSE&POLEYARD-MONTICELLO-01	0.00
390 03	STR&IMPR(SOM'T ACCT HEAT SYS 97)	0.00
390 04	STR&IMPR-AUDITORIUM SOUNDROOM'02	0.00
390 05	STR&IMPR(SOM AUDITORIUM-REMODEL)	0.00
390 06	S&I-SOMERSET OFFICE REMODEL-00	0.00
390 07	S&I-SAFETY OFFICE(SOM WHSE-02)	0.00
390 08	S&I-RUSSELL SPRGS(WHSE&POLEYD-02)	0.00
390 09	S&I-(RUSSELL SPRGS-POLE YARD) 00	0.00



ACCOUNT	DESCRIPTION	AMOUNT
390 10	S&I-(SOMERSET HEADQUARTERS-2004)	0.00
390 11	S&I(WHITLEY CITY BUILDING-2004)	161,756.24
390 12	S&I(ALBANY-BUILDING-2004)	0.00
390 13	S&I(MONTICELLO-BUILDING-2004)	0.00
390 14	S&I(RUSSELL SPRINGS-BUILDING-04)	0.00
390 15	S & I(SOMERSET-WHSE REMODEL-00)	0.00
390 16	S&I-RUSSELL SPRGS REMODELING-00	0.00
390 17	S&I-MONTICELLO REMODELING-00	0.00
390 18	S&I-WHITLEY CITY REMODELING-00	0.00
390 19	S&I-ALBANY REMODELING -00	0.00
391 00	OFFICE FURNITURE & EQUIPMENT	434,000.11
391 10	COMPUTER & PROCESSING EQUIPMENT	1,812,681.54
391 11	COMP & PROCESS EQUIP - AVL	410,258.58
391 12	COMP & PROCESS EQUIP-ENGINEERING	0.00
391 13	COMP & PROCESS EQUIP-MBR SERVICE	0.00
391 14	COMP & PROC EQUIP-HUMAN RESOURCE	0.00
391 15	COMP & PROCESS EQUIP-ADMRTIVE	0.00
391 16	COMP&PROCESS EQUIP-METER READING	0.00
391 17	COMP & PROECESS EQUIP-R & D	0.00
391 18	COMP & PROCESSING EQUIP-MAPPING	0.00
392 00	TRANSPORTATION EQUIPMENT	7,149,751.03
393 00	STORES EQUIPMENT	95,107.53
394 00	TOOLS, SHOP & GARAGE EQUIPMENT	137,364.16
394 01	TS&G - FUEL PUMPS(ALBANY)	0.00
394 02	TS&G - FUEL PUMPS(MONTICELLO)	0.00
394 03	TS&G - FUEL PUMPS(RUSSELL SPRGS)	0.00
394 04	TS&G - FUEL PUMP (WHITLEY CITY)	0.00
395 00	LABORATORY EQUIPMENT	0.00
396 00	POWER-OPERATED EQUIPMENT	240,942.82
397 00	COMMUNICATION EQUIPMENT	99,725.41
398 00	MISCELLANEOUS EQUIPMENT	428,921.19
398 01	MISC EQUIP-SEC SYSTEM-SOMERSET	142,103.24
398 02	MISC EQUIP-SEC SYSTEM-W CITY	0.00
398 03	MISC EQUIP-SEC SYSTEM-ALBANY	0.00
398 04	MISC EQUIP-SEC SYSTEM-MONTICELLO	0.00
398 05	MISC EQUIP-SEC SYSTEM-R SPGS	0.00
403 60	DEPR EXPENSE-DISTRIBUTION PLANT	3,646,560.30
403 70	DEPR EXPENSE-GENERAL PLANT	528,905.84
408 10	TAXES - PROPERTY	0.00
408 11	TAXES - P S C ASSESSMENT	0.00
408 14	TAXES-STATE SOC SEC-UNEMPLOYMENT	78,215.02
408 20	TAXES-U S SOC SEC-UNEMPLOYMENT	0.00
408 30	TAXES-U S SOC SEC-FICA	0.00
408 40	KY STATE UNEMPLOYMENT	0.00
408 50	TAXES - SALES TAX ASSESSED	0.00
415 00	REV FROM MDSG, JOBBING&CONT WORK	0.00
415 01	REV FROM MDSG - ETS HEATERS	166,305.29
415 03	REV FROM MDSG - MISC-PROMOTIONS	0.00
415 04	REV FROM MDSG - WATER HEATERS	76,042.90

ACCOUNT	DESCRIPTION	AMOUNT
415.20	KY LIVING INSERT - SALES	0.00
416.00	COST & EXP. MSG. JOB & CONT. WORK	5.19
416.02	COST OF MSG - ETS HEATERS	176,008.77
416.03	COST OF MSG - MISC-PROMOTIONS	0.00
416.04	COST OF MSG - WATER HEATERS	70,120.99
416.20	KY LIVING INSERT - EXPENSE	0.00
417.00	REV FROM NON-UT OPER (INT S-5)	0.00
417.01	REV NU OPER(METER, POLE SERVICE)	80,045.00
417.02	REV FROM NON-UT OPER(INT S-12)	5,117.55
417.03	REV FROM NON-UTILITY OPER(KU)	0.00
417.04	REV FROM N U OPER(ALL OTHER S12)	0.00
417.05	REV FROM N U OPER(ALL OTHER S-5)	0.00
417.06	REV NU OPER(TEMP SERVICE RENTAL)	52,122.50
417.07	REV FROM NON-UT OPER (KTI-DTV)	0.00
417.08	SALES - SILENT GUARD SEC SYSTEMS	0.00
417.09	REV NU OPER(MONITORING FEE)	0.00
417.10	EXP OF NON-UT OPER (S-5 LOANS)	24,636.61
417.11	EXP NU OPER-(METER POLE SERVICE)	83,513.68
417.12	EXP NON-UTIL OPER (S-12 LOANS)	33,539.88
417.13	EXP NON-UTILITY OPER (KTI-RTV)	0.00
417.14	EXP NU OPER(TEMPORARY SER RENTAL)	26,603.22
417.15	EXP NON-UTILITY OPER (KTI-DTV)	0.00
417.16	X	0.00
417.17	X	0.00
417.18	EXP - SILENT GUARD SEC SYSTEMS	0.00
417.19	COS - SILENT GUARD MONITORING	0.00
417.20	REV NU OPER(LIFEGARD MED ALERT)	0.00
417.21	REV NU OPER (GRAYSON RECC)	0.00
417.22	REV NU OPER (TAYLOR CO RECC)	0.00
417.30	EXP NU OPER(LIFEGARD MED ALERT)	0.00
417.31	EXP NU OPER (GRAYSON RECC)	0.00
417.32	EXP NU OPER (TAYLOR CO RECC)	0.00
418.00	NONOP RENTAL INCOME(931 N MAIN)	0.00
418.01	NONOP RENTAL INCOME(933 N MAIN)	2,700.00
418.02	NONOP RENTAL INCOME(1533 W STEVE	4,800.00
418.05	NONOP RENTAL EXPENSE(NORWOOD RD)	231.28
418.06	NONOP RENTAL EXPENSE(933 N MAIN)	2,125.19
418.07	NONOP RENTAL EXP(1922 STEVE-WAR)	3,912.81
418.08	NONOP RENTAL EXP(SUNFLOWER DR)	2,810.44
418.10	EQUITY IN EARNINGS-SUBSIDIARY CO	0.00
418.11	EQUITY IN EARNINGS-ASSOC CO-KT	0.00
418.12	EQUITY IN EARNINGS-SO KY SERVICE	95,137.60
419.00	INTEREST & DIVIDEND INCOME	247,061.39
419.01	INTEREST & DIVIDEND INCOME - KTI	0.00
421.00	MISC NONOPERATING INCOME	0.00
421.01	MISC NONOPER INCOME-FARM INCOME	2,800.00
421.02	MISC NONOPER INCOME-FARM EXPENSE	2,405.65
421.10	GAIN/LOSS - DISPOSAL OF PROPERTY	6,017.95
421.20	LOSS ON DISPOSITION OF PROPERTY	0.00

ACCOUNT	DESCRIPTION	AMOUNT
422.00	NONOPERATING TAXES	0.00
423.00	G & T COOPERATIVE CAPITAL CREDIT	0.00
424.00	OTHER CAP CR & PATRON CAP ALLOC	104,862.34
425.10	DONATIONS(CHAR. SOCIAL OR COMM)	42,830.47
426.30	PENALTIES	3,751.02
426.40	EXP FOR CER CIVIC. POL & REL ACT	4,043.26
426.50	OTHER DEDUCTIONS	415.90
427.10	INTEREST ON REA CONST. LOAN	3,197,135.62
427.21	INTEREST ON OTHER LTD - CFC	547,239.54
427.22	INT DEDUCTION-CFC-CAP CR ASSIGND	0.00
427.23	INTEREST EXP - HP-CAPITAL-LEASE	0.00
430.00	INTEREST EXP ASSOC CO - EAST KY	0.00
431.00	OTHER INTR EXP-INTR ON CONS DEP	34,453.79
431.10	INTR EXP - CFC SHORT TERM	2,962.03
431.11	INTR EXP-OTHER SHORT TERM LOANS	0.00
431.12	INTEREST EXPENSE - OTHER	0.00
435.10	CUM EFFECT-PRIOR YRS, CHG ACCT PR	0.00
440.10	RESIDENTIAL SALES - RURAL	51,949,750.44
442.10	COMM & INDUSTRIAL SALES - SMALL	4,700,580.70
442.11	TV-BOOST & CIVIL DEF-SIRENS	0.00
442.20	COMM & INDUSTRIAL SALES-LARGE	16,579,374.96
442.21	LG COMM OR IND W'OUT DEMAND CHGS	1,364,319.11
444.00	PUBLIC STREETS & HWY LIGHTING	46,954.70
445.00	SALES TO PUB BLDGS&OTH PUB AUTH	742,095.97
450.10	FORFEITED DISC(LATE PAYMENT CHG)	630,130.01
451.00	MISC SERVICE REVENUES	145,113.00
454.00	RENT FROM ELECTRIC PROPERTY	909,195.57
456.00	OTHER ELEC REV-MORTG BROKER-SERV	11,804.17
456.01	PURCHASED POWER	0.00
555.00	OPER SUPERVISION & ENGINEERING	55,306,974.00
580.00	STATION EXPENSES	96,783.24
582.00	STATION EXPENSE - SCADA	10,333.82
583.00	OVERHEAD LINE EXPENSES	0.00
583.10	POWER QUALITY - OVERHEAD	1,075,713.89
583.20	OPER OVERHEAD LINES-PCB COSTS	11,062.79
583.30	O/H LINE EXP - DCI SENTRY SYSTEM	10,073.00
584.00	UNDERGROUND LINE EXPENSES	3,573.12
584.10	POWER QUALITY - UNDERGROUND	63,082.15
585.00	STREET LIGHTING & SIGNAL SYS EXP	925.10
586.00	METER EXPENSES	0.00
587.00	CUSTOMER INSTALLATIONS EXPENSE	917,975.11
587.01	CUSTOMER INST EXPENSE - ETS	276,490.43
587.02	CUST INSTALLATION EXP-ETS(CREDIT)	0.00
587.10	CUSTOMER INSPECTIONS (CREDITS)	0.00
587.20	CUSTOMER INSPECTION EXPENSE	212,927.00
587.30	CUSTOMER INST-EXP-STRAY-VOLTAGE	309,220.86
588.00	MISC DISTRIBUTION EXPENSE	455.37
588.10	MISC DISTRIBUTION EXP - MAPPING	353,640.26
		194,474.48



ACCOUNT	DESCRIPTION	AMOUNT
590.00	MAINT SUPERVISION & ENGINEERING	95,306.94
592.10	MAINTENANCE - SCADA EQUIPMENT	34,104.69
593.00	MAINTENANCE OF OVERHEAD LINES	1,887,471.62
593.01	MAINT OF OVERHEAD LINES - UAI	44,574.52
593.10	STORM DAMAGE EXP	74,243.13
593.11	STORM DAMAGE - 5/31/04	102,900.00
593.20	MAINT OF OVERHEAD LINES-PCB COST	0.00
593.30	MAINT OF OH LINES-DCI SENTRY SYS	0.00
593.50	MAINT OF OVERHEAD LINES - R/W	1,777,153.63
594.00	MAINT OF UNDERGROUND LINES	10,304.91
595.00	MAINT OF LINE TRANSFORMERS	14,574.21
596.00	MAINT OF ST LIGHTING&SGL SYSTEM	148,860.00
596.11	MAINT OF STREET LIGHT(SODIUM)	6,752.75
596.12	MAINT OF STREET LIGHT(M VAPOR)	4,835.04
597.00	MAINTENANCE OF METERS	12,085.92
598.00	MAINT OF MISC DISTRIBUTION PLANT	12,112.12
598.10	ENVIRONMENTAL MAINT PCB, ETC	0.00
598.11	MAINT OF SECURITY LIGHT(SODIUM)	60,592.71
598.12	MAINT OF SECURITY LIGHT(M VAPOR)	225,019.51
598.13	MAINT SECURITY LIGHT(SODIUM-DIR)	8,338.82
598.14	MAINT SECURITY LIGHT(M VAPOR DIR	632.55
598.15	MAINT SECURITY LIGHT(M HALIDE)	5,052.01
901.00	SUPERVISION (CUSTOMER ACCOUNTS)	23,563.52
902.00	METER READING EXPENSE	17,982.64
902.10	METER READING EXPENSE - CONTRACT	455,593.26
903.00	CUST RECORDS & COLLECTION EXP	2,356,613.43
903.10	CASH - SHORTAGES & OVERRAGES	2,531.53
903.20	CUST REC & COL EXP - KU	0.00
903.21	CUST REC&COL INCOME-WATER SYSTEM	0.00
904.00	UNCOLLECTIBLE ACCOUNTS	197,813.91
907.00	SUPV(CUST SERV&INFORMATION EXP)	23,592.97
908.00	CUSTOMER ASSISTANCE EXPENSE	201,157.35
908.10	CUST ASST EXP-CONTRACT, TUNEUP PR	1,050.50
908.11	CUST ASST EXP-BUTTON UP REIMBURS	2,072.31
908.12	CUST ASST EXP-COMMERCIAL&INDUSTR	42,853.85
909.00	INFORMATIONAL & INSTR ADVT EXP	101,626.09
910.00	MISC CUST SERV&INFORMATIONAL EXP	4,178.02
910.01	MISC CUST SERV EXP-MORTGROKERAG	0.00
912.00	DEMONSTRATING & SELLING EXPENSES	15,668.66
913.00	ADVERTISING EXP(SALES EXP ONLY)	0.00
920.00	ADMINISTRATIVE&GENERAL SALARIES	614,591.22
921.00	OFFICE SUPPLIES & EXPENSE	378,169.53
923.00	OUTSIDE SERVICES EMPLOYED	107,141.87
923.01	OUTSIDE SERVICE-ECONOMIC DEVELOP	174,529.59
924.00	PROPERTY INSURANCE	0.00
925.00	INJURIES AND DAMAGES	234,446.18
925.01	LINEMAN RODED EXPENSE	16,547.26
926.00	EMPLOYEE PENSIONS & BENEFITS	0.00
926.99	FRINGE BENEFITS - W-2 REPORTING	0.00

ACCOUNT	DESCRIPTION	AMOUNT
928 00	REGULATORY COMMISSION EXPENSES	0.00
929 00	DUPLICATE CHARGES - CREDIT	11,204.65
930 10	GENERAL ADVERTISING EXPENSE	105,107.26
930 11	GEN ADVERTISING (FAIRS & PARADE)	17,652.72
930 20	MISCELLANEOUS GENERAL EXPENSES	32,378.38
930 21	DIRECTORS FEES AND MILEAGE	219,452.41
930 22	DUES & EXPENSE - ASSOC COMPANIES	154,665.98
930 23	ANNUAL MEETING EXPENSE	200,479.36
930 24	MISC GEN EXP-CAP CR&OTH FIN NOT	24,954.00
930 25	MISC GEN EXP-RESEARCH & DEVELOP	0.00
930 26	MISC GEN EXP-RURALBUS-GRANT-RBOG	24,918.14
930 27	MISC GEN EXP-R&D(ETS RES MTR-EK)	0.00
930 28	MISC GEN EXP-R & D(E KY SURVEY)	0.00
930 29	MISC GEN EXP-R&D(SM-COMM-LD-RCH)	0.00
930 30	MISC GEN EXP-R&D(M H-HEAT PUMP)	0.00
930 31	MISC GEN EXP-PEOPLE FUND	889.32
930 32	MISC GEN EXP-R&D(ETS-H P BOOSTER	0.00
930 33	MISC GEN EXP - R&D (SEC SYSTEMS)	0.00
930 34	MISC GEN EXP-R&D(INS HP E KY-93)	0.00
930 35	MISC GEN EXP-R&D(MTR MDR E KY-93	0.00
930 36	MISC GEN EXP-STEPHEN COVEY TRAIN	0.00
932 00	MAINTENANCE OF GENERAL PLANT	0.00
935 00	MAINTENANCE OF GENERAL PLANT	441,012.81
999 99	FIXED JOURNAL ENTRY	0.00

ACCOUNTS 000.00 TO 399.99 221,449.69  
 ACCOUNTS 400.00 TO 999.99 221,449.69

Audit adjust #1, Billing lag, Aug 05 269,375.67

Audit adjust #2 Reverse Dec 04 lag (1,143,068.15)

Adjusted margins (loss) (652,242.79)

**South Kentucky Rural Electric Cooperative**  
**Case No. 2005-00450**  
Calculation of Average Test Period Capital Structure  
12 months ended August 31, 2005

Line No.	Item (a)	Total Capital (b)	Long-Term Debt (c)	Short-Term Debt (d)	Memberships (e)	Common Stock (f)	Patronage Capital (g)	Total Common Equity (h)
1	Balance Beginning of Test year	126,650	75,677		1,143		49,830	
2	1st month	126,968	75,578	266	1,146		49,978	
3	2nd month	134,079	83,840		1,145		49,094	
4	3 rd month	133,169	83,453		1,147		48,569	
5	4th month	133,950	83,353		1,149		49,448	
6	5th month	132,568	83,253		1,151		48,164	
7	6st month	133,814	82,846		1,156		49,812	
8	7th month	133,456	82,745		1,154		49,557	
9	8th month	134,287	82,636		1,157		50,494	
10	9th month	134,063	82,521		1,159		50,383	
11	10th month	132,882	82,521		1,161		49,200	
12	11th month	133,476	82,699		1,164		49,613	
13	12th month	133,577	82,286	803	1,166		49,322	
14	Total (Line 1 through Line 13)	1,722,939	1,063,408	1,069	14,998	0	643,464	0
15	Average balance (Line 14/13)	132,534	81,801	82	1,154	0	49,497	0
16	Average capitalization ratios	100%	62%	0%	1%	0%	37%	0%
17	End of period capitalization ratios	100%	62%	1%	1%	0%	37%	0%

South Kentucky Rural Electric Cooperative  
Case No. 2005-00450

Payroll Adjustment

To reflect the increase granted by the Board of Directors, the step increases granted and promotions during the year. To give recognition to employees terminated and employees hired during the test year. Salaried employees that have overtime wages during the test year were hourly until February 2005, at which time they were determined to be salary. Overtime pay is calculated at 1-1/2 times regular pay rate for hours worked in excess of 8 hours per day.

Employees were granted wage rate increases on July 1, 2005, based on Performance Evaluations. Additional increases of 2% were given to employees who were below the midpoint for their pay rates and job classifications.

South Kentucky has always hired summer and part time employees, and anticipates this to continue into future years. These employees were normalized at the same rate and hours during the test year.

Full time employees, and those on long term disability, receive a \$1,000 each Christmas bonus. In addition, employees receive service awards for years of service. The Christmas bonus and service awards have been removed for rate-making purposes.

There are no union employees.

Wage and salary increases are as follows:

	<u>Increase</u>
2005	3.0%
2004	3.0%
2003	4.0%
2002	4.0%
2001	3.0%

The amount of increase was allocated based on the actual test year.

Projected wages	\$7,608,280
Actual wages for test year	<u>7,456,855</u>
Adjustment	<u>\$151,425</u>

The allocation is on the following page:

South Kentucky Rural Electric Cooperative  
Case No. 2005-00450

Allocation of increase in payroll:

		Labor Distribution	Percent	Allocation
107.20	Construction work in progress	1,836,427	24.6%	37,292
108.80	Retirement work in progress	389,590	5.2%	7,911
143.00	Accounts receivable, other	213,199	2.9%	4,329
163.00	Stores	160,510	2.2%	3,259
184.00	Transportation	163,711	2.2%	3,324
186.00	Employee bonuses	182,400	2.4%	3,704
242.30	Employee sick leave	190,282	2.6%	3,864
416.00	Non operating accounts	60,445	0.8%	1,227
580.00	Operations	55,029		
582.00	Station	1,954		
583.00	Overhead line	238,936		
584.00	Underground	1,962		
586.00	Meter	311,441		
587.00	Consumer installation	213,022		
588.00	Miscellaneous distribution	166,041	13.3%	20,071
590.00	Maintenance	58,491		
592.00	Station	5,532		
593.00	Overhead line	782,840		
593.10	Right of way	197,509		
594.00	Underground	4,552		
595.00	Transformers	6,724		
596.00	Street lights	4,721		
597.00	Meters	9		
598.00	Miscellaneous maintenance	99,834	15.6%	23,560
901.00	Supervision, customer accounts	13,708		
902.00	Meter reading	7,953		
903.00	Consumer records	1,049,521	14.4%	21,752
907.00	Supv, consumer information	13,726		
908.00	Consumer assistance	278,688		
909.00	Consumer information	36,913	4.4%	6,688
912.00	Demonstration and selling	9,116	0.1%	185
920.00	Administrative	377,330		
925.00	Injuries and damages	90,922		
926.00	Employee benefits	22,082		
930.00	Miscellaneous	63,230		
935.00	Maintenance general plant	148,505	9.4%	14,257
	Total	<u>7,456,855</u>	<u>100.0%</u>	<u>151,423</u>

South Kentucky Rural Electric  
Case No. 2005-00450  
Employee Earnings and Hours  
August 31, 2005

Employee Number	Hours Worked Test Year			Actual Test Year Wages				Wage Rate Sept 1, 2005	Normalized Wages @ 2,080 Hours			Supervisor On-Call	Adjusted Total	
	Regular	Overtime	Total	Regular	Overtime	Svc Award & Bonus	Supervisor On-Call		Adjusted Total	Regular	Overtime			Total
<b>Salaried Employees:</b>														
280	2,088.00		2,088.00	143,691		1,000		144,691	72.12	150,010		150,010		150,010
225	2,088.00	24.75	2,112.75	46,006	810	1,000		47,816	23.12	48,090		48,090		48,090
227	2,088.00		2,088.00	50,629		1,000		51,629	25.39	52,811		52,811		52,811
563	2,088.00	7.00	2,095.00	50,428	250	1,000		51,678	25.79	53,643		53,643		53,643
491	2,088.00		2,088.00	38,449		1,000		39,449	19.32	40,186		40,186		40,186
340	2,088.00	13.00	2,101.00	36,223	335	1,000		37,558	18.14	37,731		37,731		37,731
119	2,088.00	6.00	2,094.00	60,202	257	1,000		61,459	30.13	62,670		62,670		62,670
130	2,088.00		2,088.00	49,790		1,000		50,790	24.58	51,126		51,126		51,126
134	2,088.00	94.00	2,182.00	46,150	3,076	1,000		50,226	23.40	48,672		48,672		48,672
394	2,088.00		2,088.00	91,759		1,300		93,059	44.15	91,832		91,832		91,832
323	2,088.00	43.50	2,131.50	49,535	1,527	1,000		52,062	24.86	51,709		51,709		51,709
150	2,088.00		2,088.00	59,068		1,600		60,668	29.04	60,403		60,403		60,403
297	2,088.00		2,088.00	49,416		1,000		50,416	24.00	49,920		49,920		49,920
275	2,088.00		2,088.00	60,295		1,000	2,000	63,050	29.20	60,736		60,736	2,500	63,236
480	2,088.00		2,088.00	50,295		1,000	2,100	53,395	25.23	52,478		52,478	2,500	54,978
126	2,088.00	36.50	2,124.50	46,446	1,211	1,000		48,657	22.84	47,507		47,507		47,507
320	2,088.00		2,088.00	49,943		1,000		50,943	25.69	53,435		53,435		53,435
337	2,088.00	6.00	2,094.00	50,400	215	1,000		51,615	25.93	53,934		53,934		53,934
387	2,088.00	20.50	2,108.50	52,949	775	1,000	2,150	56,874	26.55	55,224		55,224	2,500	57,724
291	2,088.00	35.50	2,123.50	55,167	1,380	1,000		57,547	34.62	72,010		72,010		72,010
271	2,088.00	8.00	2,096.00	49,548	281	1,000		50,829	25.30	52,624		52,624		52,624
218	2,088.00	5.50	2,093.50	52,997	208	1,000	2,000	56,205	26.01	54,101		54,101	2,500	56,601
277	2,088.00		2,214.00	35,401	3,189	1,000		39,590	17.82	37,066		37,066		37,066
547	2,088.00		2,088.00	98,292		1,000		99,292	49.18	102,294		102,294		102,294
Subtotal S	50,112.00	426.25	50,538.25	1,372,834	13,514	24,900	8,250	1,419,498	1,440.213	0	1,440.213	10,000	1,450,213	

**Hourly Employees:**

376	2,088.00	113.50	2,201.50	48,452	3,974	1,300		53,726	24.35	50,648	4,146	54,794		54,794
594	526.00	20.75	546.75	7,936	467			8,403	15.16	31,533	472	32,005		32,005
200	2,088.00	5.00	2,093.00	38,339	137	1,600		40,076	19.03	39,582	143	39,725		39,725
581	2,088.00	47.00	2,135.00	24,834	833	1,000		26,667	12.31	25,605	868	26,473		26,473
455	2,088.00	57.00	2,145.00	38,608	1,578	1,000		41,186	19.07	39,666	1,630	41,296		41,296
526	2,088.00	769.00	2,857.00	35,831	19,928	1,100		56,859	18.18	37,814	20,971	58,785		58,785
172	2,088.00	30.50	2,118.50	39,070	848	1,000		40,918	19.60	40,768	897	41,665		41,665
582	2,088.00	56.50	2,144.50	24,835	1,000	1,000		26,835	12.31	25,605	1,043	26,648		26,648
108	2,088.00	696.50	2,784.50	50,679	24,365	1,000		76,044	23.94	49,795	25,011	74,807		74,807

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Employee Number	Hours Worked Test Year			Actual Test Year Wages				Wage Rate Sept 1, 2005	Normalized Wages @ 2,080 Hours			Supervisor On-Call	Adjusted Total
	Regular	Overtime	Total	Regular	Overtime	Svc Award & Bonus	Supervisor On-Call		Adjusted Total	Regular	Overtime		
235	2,088.00	266.50	2,354.50	49,835	9,567	1,080	60,482	24.74	51,459	9,890	61,349	61,349	
298	1,909.50	11.00	1,920.50	32,437	277	1,500	34,214	17.89	37,211	295	37,506	37,506	
380	2,088.00	12.75	2,100.75	32,539	299	1,300	34,138	16.13	33,550	308	33,859	33,859	
267	2,088.00	318.00	2,406.00	48,375	11,065	1,000	60,440	23.96	49,837	11,429	61,266	61,266	
451	2,088.00	27.75	2,115.75	41,708	840	1,000	43,548	21.19	44,075	882	44,957	44,957	
110	2,088.00	22.50	2,110.50	35,948	577	1,000	37,525	17.77	36,962	600	37,561	37,561	
559	576.00		576.00	8,160			8,160	14.25	29,640	0	29,640	29,640	
324	2,088.00	35.00	2,123.00	48,854	1,234	1,000	51,088	24.58	51,126	1,290	52,417	52,417	
252	2,088.00	15.00	2,103.00	43,612	476	1,000	45,088	21.23	44,158	478	44,636	44,636	
377	2,088.00	22.50	2,110.50	40,767	653	1,300	42,720	20.30	42,224	685	42,909	42,909	
232	2,088.00	421.00	2,509.00	54,161	16,392	1,000	71,553	26.69	55,515	16,855	72,370	72,370	
287	2,088.00	19.50	2,107.50	33,764	470	1,000	35,234	16.57	34,466	485	34,950	34,950	
447	2,088.00	449.50	2,537.50	42,338	13,375	1,200	56,913	20.57	42,786	13,869	56,655	56,655	
397	2,088.00	56.00	2,144.00	34,066	1,377	1,000	36,443	17.18	35,734	1,443	37,178	37,178	
569	2,088.00	268.50	2,356.50	28,023	5,252	1,000	34,275	13.42	27,914	5,405	33,319	33,319	
416	2,088.00	27.50	2,115.50	30,392	597	1,000	31,989	14.98	31,158	618	31,776	31,776	
274	2,088.00	178.50	2,266.50	35,811	4,556	1,000	41,367	18.00	37,440	4,820	42,260	42,260	
421	2,088.00	105.00	2,193.00	37,170	2,786	1,000	40,956	18.43	38,334	2,903	41,237	41,237	
289	2,088.00	22.50	2,110.50	41,482	673	1,000	43,155	20.26	42,141	684	42,825	42,825	
564	2,088.00	75.00	2,163.00	33,017	1,766	1,000	35,783	18.54	38,563	2,086	40,649	40,649	
477	2,088.00	39.00	2,127.00	28,884	808	1,100	30,792	14.29	29,723	836	30,559	30,559	
508	2,088.00	22.50	2,110.50	36,228	591	1,000	37,819	18.42	38,314	622	38,935	38,935	
525	2,088.00	73.50	2,161.50	29,517	1,547	1,100	32,164	14.65	30,472	1,615	32,087	32,087	
459	2,088.00	156.00	2,244.00	35,706	4,028	1,000	40,734	18.10	37,648	4,235	41,883	41,883	
395	2,088.00	21.00	2,109.00	42,574	641	1,300	44,315	20.89	43,451	658	44,109	44,109	
431	2,088.00	18.00	2,106.00	32,797	421	1,200	34,418	16.31	33,925	440	34,365	34,365	
391	2,088.00	69.00	2,157.00	41,342	2,076	1,000	44,418	20.85	43,368	2,158	45,526	45,526	
489	2,088.00	71.50	2,159.50	37,101	1,943	1,000	40,044	18.98	39,478	2,036	41,514	41,514	
458	2,088.00	19.50	2,107.50	32,763	456	1,000	34,219	16.14	33,571	472	34,043	34,043	
584	2,088.00	396.50	2,484.50	41,346	11,740	1,000	54,086	20.92	43,514	12,442	55,956	55,956	
419	2,088.00	10.50	2,098.50	42,219	315	1,000	43,534	21.15	43,992	333	44,325	44,325	
304	2,088.00	498.00	2,586.00	43,842	16,432	1,500	61,774	22.69	47,195	16,949	64,145	64,145	
290	2,088.00	333.00	2,421.00	48,395	11,597	1,000	60,992	23.79	49,483	11,883	61,366	61,366	
520	2,088.00	99.50	2,187.50	29,829	2,120	1,100	33,049	14.80	30,784	2,209	32,993	32,993	
545	2,088.00	357.00	2,445.00	46,077	11,818	1,000	58,895	23.72	49,338	12,702	62,040	62,040	
140	2,088.00	17.50	2,105.50	40,839	510	1,600	42,949	20.13	41,870	528	42,399	42,399	
598	64.00	1.50	65.50	1,214	43		1,257	18.98	39,478	43	39,521	39,521	
590	1,424.00	7.00	1,431.00	28,010	204		28,214	21.15	43,992	222	44,214	44,214	

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Employee Number	Hours Worked Test Year			Actual Test Year Wages				Wage Rate Sept 1, 2005	Normalized Wages @ 2,080 Hours			Supervisor On-Call	Adjusted Total	
	Regular	Overtime	Total	Regular	Overtime	Svc Award & Bonus	Supervisor On-Call		Adjusted Total	Sept 1, 2005	Regular			Overtime
142	2,088.00	6.00	2,094.00	37,782	164	1,000		38,946	18.77	39,042	169	39,211		39,211
350	2,088.00	123.00	2,211.00	46,146	4,084	1,000		51,230	22.59	46,987	4,168	51,155		51,155
566	2,088.00	67.00	2,155.00	42,220	2,019	1,000		45,239	21.15	43,992	2,126	46,118		46,118
437	2,088.00	150.00	2,238.00	31,435	3,365	1,200		36,000	15.52	32,282	3,492	35,774		35,774
147	2,088.00	18.00	2,106.00	52,998	682	1,000		54,680	26.19	54,475	707	55,182		55,182
592	744.00	8.00	752.00	8,994	144			9,138	12.21	25,397	147	25,543		25,543
360	2,088.00	21.50	2,109.50	33,676	516	1,000		35,192	16.93	35,214	546	35,760		35,760
301	2,088.00	46.25	2,134.25	52,334	1,740	1,500		55,574	25.79	53,643	1,789	55,432		55,432
463	2,088.00	61.00	2,149.00	33,005	1,435	1,000		35,440	16.37	34,050	1,498	35,547		35,547
565	2,088.00	415.50	2,503.50	49,126	14,118	1,000		64,244	23.60	49,088	14,709	63,797		63,797
504	2,088.00	8.00	2,096.00	39,535	225	1,100		40,860	19.92	41,434	239	41,673		41,673
358	2,088.00	394.50	2,482.50	52,052	14,753	1,000		67,805	25.68	53,414	15,196	68,611		68,611
322	2,088.00	112.00	2,200.00	29,900	2,396	1,400		33,696	14.72	30,618	2,473	33,091		33,091
506	2,088.00	31.00	2,119.00	35,318	779	1,100		37,197	17.60	36,608	818	37,426		37,426
599	34.00	10.00	44.00	456	285			741	18.98	39,478	285	39,763		39,763
114	2,088.00		2,088.00	30,971		1,000		31,971	15.82	32,906	0	32,906		32,906
265	2,088.00	319.00	2,407.00	50,463	11,567	1,000		63,030	24.78	51,542	11,857	63,400		63,400
374	2,088.00	48.00	2,136.00	31,270	1,072	1,300		33,642	15.49	32,219	1,115	33,334		33,334
253	2,088.00	257.00	2,345.00	41,380	7,648	1,000		50,028	20.34	42,307	7,841	50,148		50,148
432	2,088.00	384.50	2,472.50	42,897	11,865	1,000		55,762	21.23	44,158	12,244	56,403		56,403
363	2,088.00	821.00	2,909.00	45,794	26,025	1,300		73,119	22.13	46,030	27,253	73,283		73,283
303	2,088.00	535.25	2,623.25	42,049	15,708	1,500		59,257	20.14	41,891	16,170	58,061		58,061
472	2,088.00	242.00	2,330.00	34,218	5,802	1,000		41,020	16.32	33,946	5,924	39,870		39,870
503	2,088.00	320.00	2,408.00	34,388	7,744	1,000		43,132	16.73	34,798	8,030	42,829		42,829
464	2,088.00	253.00	2,341.00	34,345	6,063	1,000		41,408	16.32	33,946	6,193	40,139		40,139
457	2,088.00	19.50	2,107.50	32,764	456	1,000		34,220	16.14	33,571	472	34,043		34,043
164	2,088.00	67.50	2,155.50	35,013	1,690	1,000		37,703	17.18	35,734	1,739	37,474		37,474
258	2,088.00	32.50	2,120.50	46,508	1,091	1,000	900	49,499	22.93	47,694	1,118	48,812	2,500	51,312
586	2,088.00	265.00	2,353.00	43,058	8,173	1,000		52,231	21.34	44,387	8,483	52,870		52,870
257	1,624.25	2.00	1,626.25	29,517	54	1,000		30,571	18.77	39,042	56	39,098		39,098
560	2,088.00	27.50	2,115.50	48,784	958	1,000		50,742	24.09	50,107	994	51,101		51,101
241	2,088.00	252.50	2,340.50	52,942	9,859	1,000		63,801	26.93	56,014	10,200	66,214		66,214
185	2,088.00		2,088.00	33,918		1,000		34,918	16.40	34,112	0	34,112		34,112
528	2,088.00	334.50	2,422.50	36,468	8,762	1,100		46,330	18.16	37,773	9,112	46,885		46,885
328	2,088.00	23.50	2,111.50	33,513	563	1,000		35,076	16.45	34,216	580	34,796		34,796
302	2,088.00	376.50	2,464.50	48,967	13,267	1,500		63,734	23.99	49,899	13,548	63,448		63,448
436	2,088.00	49.50	2,137.50	30,470	1,078	1,200		32,748	15.05	31,304	1,117	32,421		32,421
269	2,088.00		2,088.00	32,774		1,000		33,774	15.90	33,072	0	33,072		33,072

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Employee Number	Hours Worked Test Year			Actual Test Year Wages			Wage Rate Sept 1, 2005	Normalized Wages @ 2,080 Hours			Supervisor On-Call	Adjusted Total
	Regular	Overtime	Total	Regular	Overtime	& Bonus		Supervisor On-Call	Adjusted Total	Regular		
532	2,088.00	245.00	2,333.00	39,656	6,969	1,000	47,625	19.71	40,997	7,243	48,240	48,240
524	2,088.00	247.50	2,335.50	37,449	6,742	1,100	45,291	19.00	39,520	7,054	46,574	46,574
356	2,088.00	13.50	2,101.50	35,726	345	1,000	37,071	17.46	36,317	354	36,670	36,670
250	2,088.00	260.50	2,348.50	52,144	9,745	1,000	62,889	25.92	53,914	10,128	64,042	64,042
296	2,088.00	59.00	2,147.00	33,631	1,414	1,000	36,045	16.67	34,674	1,475	36,149	36,149
460	2,088.00	8.00	2,096.00	37,582	215	1,000	38,797	19.32	40,186	232	40,417	40,417
378	2,088.00	32.50	2,120.50	41,457	973	1,300	43,730	20.41	42,453	995	43,448	43,448
420	2,088.00	7.50	2,095.50	35,085	186	1,000	36,271	18.06	37,565	203	37,768	37,768
146	2,088.00		2,088.00	42,078		1,000	43,078	20.74	43,139	0	43,139	43,139
418	2,088.00	296.00	2,384.00	42,219	8,985	1,000	52,204	21.15	43,992	9,391	53,383	53,383
453	2,088.00	28.00	2,116.00	40,022	797	1,000	41,819	19.95	41,496	838	42,334	42,334
329	2,088.00	57.00	2,145.00	49,162	1,942	1,000	52,104	24.68	51,334	2,110	53,445	53,445
527	2,088.00	20.00	2,108.00	33,966	506	1,100	35,572	17.90	37,232	537	37,769	37,769
381	2,088.00	36.00	2,124.00	29,748	769	1,300	31,817	14.98	31,158	809	31,967	31,967
240	2,088.00		2,088.00	39,805		1,000	40,805	19.65	40,872	0	40,872	40,872
192	2,088.00	595.00	2,683.00	50,405	20,734	1,000	72,139	23.99	49,899	21,411	71,310	71,310
478	2,088.00	479.50	2,567.50	39,827	13,324	1,000	54,151	19.22	39,978	13,824	53,802	53,802
439	2,088.00	363.50	2,451.50	34,099	8,885	1,000	43,984	17.24	35,859	9,400	45,259	45,259
490	2,088.00	8.00	2,096.00	42,219	240	1,000	43,459	21.15	43,992	254	44,246	44,246
242	2,088.00	323.50	2,411.50	49,542	11,551	1,000	62,093	24.60	51,168	11,937	63,105	63,105
313	2,088.00	100.50	2,188.50	37,227	2,669	1,000	40,896	18.58	38,646	2,801	41,447	41,447
546	2,088.00	31.25	2,119.25	35,946	814	1,000	37,760	17.90	37,232	839	38,071	38,071
570	2,088.00	11.00	2,099.00	34,353	273	1,000	35,626	17.04	35,443	281	35,724	35,724
529	2,088.00	50.00	2,138.00	26,549	948	1,100	28,597	13.37	27,810	1,003	28,812	28,812
507	2,088.00	347.00	2,435.00	37,013	9,242	1,100	47,355	18.83	39,166	9,801	48,967	48,967
198	2,088.00	321.00	2,409.00	48,046	11,093	1,300	60,439	23.90	49,712	11,508	61,220	61,220
488	2,088.00	380.50	2,468.50	39,005	10,684	1,000	50,689	19.55	40,664	11,158	51,822	51,822
523	2,088.00	233.75	2,321.75	36,017	6,035	1,100	43,152	17.90	37,232	6,276	43,508	43,508
531	2,088.00	178.00	2,266.00	38,502	5,009	1,000	44,511	19.46	40,477	5,196	45,673	45,673
384	2,088.00	458.00	2,546.00	49,864	15,956	1,300	67,120	23.88	49,670	16,406	66,076	66,076
591	1,224.00	40.50	1,264.50	14,911	730		15,641	12.86	26,749	781	27,530	27,530
209	2,088.00	16.00	2,104.00	52,644	605	1,000	54,249	25.89	53,851	621	54,473	54,473
440	2,088.00	270.00	2,358.00	36,132	7,014	1,200	44,346	18.36	38,189	7,436	45,625	45,625
597	304.00	46.50	350.50	6,688	1,535		8,223	22.00	45,760	1,535	47,295	47,295
571	1,991.00	8.00	1,999.00	27,544	165	1,280	28,989	14.27	29,682	171	29,853	29,853
284	2,088.00	278.50	2,366.50	49,754	9,953	1,000	60,707	24.93	51,854	10,415	62,269	62,269
522	2,088.00	646.25	2,734.25	44,941	20,041	1,100	66,082	21.76	45,261	21,094	66,354	66,354
353	2,088.00	348.00	2,436.00	45,397	11,111	1,000	57,508	21.85	45,448	11,406	56,854	56,854

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Employee Number	Hours Worked Test Year			Actual Test Year Wages			Wage Rate Sept 1, 2005	Normalized Wages @ 2,080 Hours			Supervisor On-Call	Adjusted Total
	Regular	Overtime	Total	Regular	Overtime	& Bonus		Regular	Overtime	Total		
433	2,088.00	362.25	2,450.25	42,450	11,031	1,000	21.20	44,096	11,520	55,616		55,616
373	2,088.00	235.50	2,323.50	48,638	8,224	1,300	23.99	49,899	8,474	58,374		58,374
452	2,088.00	411.50	2,499.50	40,729	12,035	1,000	19.71	40,997	12,166	53,163		53,163
362	2,088.00	392.00	2,480.00	40,474	11,411	1,000	19.89	41,371	11,695	53,067		53,067
343	2,088.00	386.25	2,474.25	45,149	12,558	1,000	22.30	46,384	12,920	59,304		59,304
277	2,088.00	21.00	2,109.00	38,143	572	1,000	18.69	38,875	589	39,464		39,464
461	2,088.00	581.75	2,669.75	40,268	16,204	1,000	19.18	39,894	16,737	56,631		56,631
309	2,088.00	63.50	2,151.50	38,680	1,772	1,000	18.99	39,499	1,809	41,308		41,308
364	2,088.00	417.50	2,505.50	42,918	12,883	1,000	21.24	44,179	13,302	57,481		57,481
562	2,088.00	11.00	2,099.00	39,873	319	1,000	18.95	39,416	313	39,729		39,729
Subtotal h	265,156.75	22,189.25	287,346.00	5,020,651	674,010	135,060		5,394,501	699,443	6,093,944	2,500	6,096,444
<b>Summer and Part Time Employees:</b>												
593	464.00	6.00	470.00	3,016	59		6.50	3,016	59	3,075		3,075
589	483.00	1.00	484.00	3,381	11		7.00	14,560	11	14,571		14,571
165	48.50		48.50	970			20.00	970	0	970		970
578	596.00		596.00	4,470			7.50	4,470	0	4,470		4,470
279	1,428.50		1,428.50	15,779		1,000	11.25	23,400	0	23,400		23,400
596	519.00		519.00	3,374			6.50	3,374	0	3,374		3,374
595	338.00	4.00	342.00	2,197	39		6.50	2,197	39	2,236		2,236
282	847.00		847.00	9,356		1,000	11.25	9,529	0	9,529		9,529
Subtotal s	4,724.00	11.00	4,735.00	42,543	109	2,000		61,515	108	61,623	0	61,623
<b>Retirees:</b>												
107	1,114.00	106.00	1,220.00	20,553	2,934	1,600		0	0	0		0
299	0.00		0.00	0		1,000		0	0	0		0
259	0.00		0.00	0		1,000		0	0	0		0
396	0.00		0.00	400		1,000		0	0	0		0
135	0.00		0.00	0		1,000		0	0	0		0
236	0.00		0.00	0		1,000		0	0	0		0
479	2,088.00	421.00	2,509.00	29,444	11,486	1,000		0	0	0		0
161	808.00	13.50	821.50	20,462	510	1,600		0	0	0		0
170	1,368.00		1,368.00	24,849		1,480		0	0	0		0
392	0.00		0.00	0		1,000		0	0	0		0
310	0.00		0.00	0		1,000		0	0	0		0
561	1,529.00	17.50	1,546.50	26,132	457	1,000		0	0	0		0

South Kentucky Rural Electric  
Case No. 2005-00450  
Employee Earnings and Hours  
August 31, 2005

Employee Number	Hours Worked Test Year			Actual Test Year Wages					Wage Rate Sept 1, 2005	Normalized Wages @ 2,080 Hours			Supervisor On-Call	Adjusted Total
	Regular	Overtime	Total	Regular	Overtime	Svc Award & Bonus	Supervisor On-Call	Adjusted Total		Regular	Overtime	Total		
326	0.00		0.00	0		1,000		1,000		0	0	0		0
585	288.00	9.50	297.50	5,618	279			5,897		0	0	0		0
191	0.00		0.00	0		1,600		1,600		0	0	0		0
216	0.00		0.00	0		2,080		2,080		0	0	0		0
217	0.00		0.00	0		1,600		1,600		0	0	0		0
Subtotal re	7,195.00	567.50	7,762.50	127,458	15,666	18,960	0	162,084		0	0	0		0
<b>Total</b>	<b>327,187.75</b>	<b>23,194.00</b>	<b>350,381.75</b>	<b>6,563,486</b>	<b>703,299</b>	<b>180,920</b>	<b>9,150</b>	<b>7,456,855</b>	<b>6,896,229</b>	<b>699,551</b>	<b>7,595,780</b>	<b>12,500</b>	<b>7,608,280</b>	

South Kentucky Rural Electric Cooperative  
Case No. 2005-00450

Exhibit 1  
page 9 of 19  
Witness: Jeff Greer

Analysis of Salaries and Wages  
For the calendar years 2002 through 2004  
and the Test year

Line No	Item (a)	Twelve Months Ended				Test year			
		2002		2003		2004			
		Amount (f)	% (g)	Amount (h)	% (i)	Amount (j)	% (k)	Amount (l)	% (m)
1	Wages charged to expense:								
2	Distribution expense	2,212,273	4%	2,151,576	-3%	2,361,933	10%	2,148,596	-9%
3	Customer accounts expense	940,071	8%	970,059	3%	1,091,275	12%	1,071,183	-2%
4	Customer service and information	278,631	15%	318,859	14%	322,836	1%	329,327	2%
5	Sales expense	8,026	66%	8,924	11%	9,169	3%	9,116	-1%
6	Administrative and general expenses:								
	(a) Administrative and general	421,562	19%	448,369	6%	398,171	-11%	377,330	-5%
	(b) Office supplies and expense								
	(c) Outside services employed								
	(d) Property insurance								
	(e) Injuries and damages	60,103	-6%	71,313	19%	81,986	15%	90,922	11%
	(f) Employees hospitalization and bene	13,078	83%	21,745	66%	21,967	1%	22,082	1%
	(g) Retirement and security								
	(h) Miscellaneous general	89,623	-8%	65,576	-27%	60,947	-7%	63,230	4%
	(i) Maintenance of general plant	145,294	43%	142,415	-2%	144,916	2%	148,505	2%
7	Total administrative and general expenses L6(a) to L6(i)	729,660	17%	749,418	-3%	707,987	-3%	702,069	-3%
8	Charged to clearing and others	805,069	5%	889,254	10%	935,988	5%	994,785	6%
9	Total salaries and wages charged to expense and other L2 to L6 + L7 + L8	4,973,730	7%	5,088,090	2%	5,429,188	7%	5,255,076	-3%
10	Wages capitalized	1,788,994	10%	2,043,801	14%	2,116,638	4%	2,226,018	5%
11	Total salaries and wages	6,762,724	8%	7,131,891	5%	7,545,826	6%	7,481,094	-1%
12	Ratio of salaries and wages charged to expense to total wages L9 / L11	74%		71%		72%		70%	
13	Ratio of salaries and wages capitalized to total wages L10 / L11	26%		29%		28%		30%	
14	Overtime wages	722,836	19%	812,004	12%	857,952	6%	703,299	-18%
15	Overtime hours	26,540		29,503		29,232		23,924	

South Kentucky Rural Electric  
Case No. 2005-00450  
Employee Earnings and Hours  
August 31, 2005

Witness: Allen Anderson

Employee Number	Wage Rate 28-Jun-2005	Wage Rate 19-Jul-2005	July 1, 2005 Percent Increase	Wage Rate 01-Sep-2005	Percent Increase 01-Sep-2005	Date of last Increase	Reason for increase
<b>Salaried Employees:</b>							
280	68.66	72.12	5.04%	72.12	0.00%	07/01-05	
225	21.81	22.66	3.90%	23.12	2.03%	07/01-05	2% to midpoint
227	23.99	25.39	5.84%	25.39	0.00%	07/01-05	
563	23.83	25.28	6.08%	25.79	2.02%	07/01-05	2% to midpoint
491	18.21	19.32	6.10%	19.32	0.00%	07/01-05	
340	17.17	18.14	5.65%	18.14	0.00%	07/01-05	
119	28.54	30.13	5.57%	30.13	0.00%	07/01-05	
130	23.68	24.58	3.80%	24.58	0.00%	07/01-05	
134	21.81	23.40	7.29%	23.40	0.00%	07/01-05	
394	43.90	44.15	0.57%	44.15	0.00%	07/01-05	
323	23.40	24.37	4.15%	24.86	2.01%	07/01-05	2% to midpoint
150	28.12	29.04	3.27%	29.04	0.00%	07/01-05	
297	23.59	24.00	1.74%	24.00	0.00%	07/01-05	
275	28.66	29.20	1.88%	29.20	0.00%	07/01-05	
480	23.83	25.23	5.87%	25.23	0.00%	07/01-05	
126	22.11	22.84	3.30%	22.84	0.00%	07/01-05	
320	23.52	25.69	9.23%	25.69	0.00%	07/01-05	
337	23.83	25.42	6.67%	25.93	2.01%	07/01-05	2% to midpoint
387	25.19	26.02	3.29%	26.55	2.04%	07/01-05	2% to midpoint
291	25.91	27.50	6.14%	34.62	25.89%	07/01-05	Promotion
271	23.40	24.80	5.98%	25.30	2.02%	07/01-05	2% to midpoint
218	25.24	26.01	3.05%	26.01	0.00%	07/01-05	
277	16.76	17.82	6.32%	17.82	0.00%	07/01-05	
547	46.60	49.18	5.54%	49.18	0.00%	07/01-05	
Subtotal Salaried employees							
<b>Hourly Employees:</b>							
376	22.98	23.87	3.87%	24.35	2.01%	07/01-05	2% to midpoint
594	14.91	15.16	1.68%	15.16	0.00%	07/01-05	
200	18.21	19.03	4.50%	19.03	0.00%	07/01-05	
581	11.80	12.31	4.32%	12.31	0.00%	07/01-05	
455	18.36	19.07	3.87%	19.07	0.00%	07/01-05	
526	16.92	18.18	7.45%	18.18	0.00%	07/01-05	
172	18.53	19.21	3.67%	19.60	2.03%	07/01-05	2% to midpoint
582	11.80	12.31	4.32%	12.31	0.00%	07/01-05	
108	23.14	23.94	3.46%	23.94	0.00%	07/01-05	
235	23.67	24.74	4.52%	24.74	0.00%	07/01-05	
298	16.76	17.89	6.74%	17.89	0.00%	07/01-05	
380	15.46	16.13	4.33%	16.13	0.00%	07/01-05	
267	22.99	23.96	4.22%	23.96	0.00%	07/01-05	
451	19.78	20.77	5.01%	21.19	2.02%	07/01-05	2% to midpoint
110	17.09	17.77	3.98%	17.77	0.00%	07/01-05	
559	14.00	14.25	1.79%	14.25	0.00%	07/01-05	
324	23.20	24.09	3.84%	24.58	2.03%	07/01-05	2% to midpoint

South Kentucky Rural Electric

Case No. 2005-00450

Employee Earnings and Hours

August 31, 2005

Exhibit 1

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Witness: Allen Anderson

Employee Number	Wage Rate 28-Jun-2005	Wage Rate 19-Jul-2005	July 1, 2005 Percent Increase	Wage Rate 01-Sep-2005	Percent Increase 01-Sep-2005	Date of last Increase	Reason for increase
252	20.81	21.23	2.02%	21.23	0.00%	07/01-05	
377	19.35	20.30	4.91%	20.30	0.00%	07/01-05	
232	25.77	26.69	3.57%	26.69	0.00%	07/01-05	
287	16.08	16.57	3.05%	16.57	0.00%	07/01-05	
447	19.70	20.57	4.42%	20.57	0.00%	07/01-05	
397	16.12	17.18	6.58%	17.18	0.00%	07/01-05	
569	12.90	13.42	4.03%	13.42	0.00%	07/01-05	
416	14.46	14.98	3.60%	14.98	0.00%	07/01-05	
274	17.25	17.50	1.45%	18.00	2.86%	07/01-05	Promotion
421	17.66	18.43	4.36%	18.43	0.00%	07/01-05	
289	19.76	20.26	2.53%	20.26	0.00%	07/01-05	
564	15.54	16.11	3.67%	18.54	15.08%	07/01-05	Promotion
477	13.73	14.29	4.08%	14.29	0.00%	07/01-05	
508	17.53	18.42	5.08%	18.42	0.00%	07/01-05	
525	14.02	14.65	4.49%	14.65	0.00%	07/01-05	
459	16.92	18.10	6.97%	18.10	0.00%	07/01-05	
395	20.16	20.89	3.62%	20.89	0.00%	07/01-05	
431	15.57	16.31	4.75%	16.31	0.00%	07/01-05	
391	19.64	20.44	4.07%	20.85	2.01%	07/01-05	2% to midpoint
489	17.53	18.60	6.10%	18.98	2.04%	07/01-05	2% to midpoint
458	15.59	16.14	3.53%	16.14	0.00%	07/01-05	
584	19.95	20.92	4.86%	20.92	0.00%	07/01-05	
419	20.01	21.15	5.70%	21.15	0.00%	07/01-05	
304	21.89	22.69	3.65%	22.69	0.00%	07/01-05	
290	23.04	23.79	3.26%	23.79	0.00%	07/01-05	
520	14.17	14.80	4.45%	14.80	0.00%	07/01-05	
545	22.42	23.72	5.80%	23.72	0.00%	07/01-05	
140	19.43	20.13	3.60%	20.13	0.00%	07/01-05	
598	18.98	18.98	0.00%	18.98	0.00%	07/01-05	
590	20.01	21.15	5.70%	21.15	0.00%	07/01-05	
142	17.96	18.40	2.45%	18.77	2.01%	07/01-05	2% to midpoint
350	21.99	22.59	2.73%	22.59	0.00%	07/01-05	
566	20.01	21.15	5.70%	21.15	0.00%	07/01-05	
437	14.95	15.52	3.81%	15.52	0.00%	07/01-05	
147	25.20	26.19	3.93%	26.19	0.00%	07/01-05	
592	11.96	12.21	2.09%	12.21	0.00%	07/01-05	
360	15.98	16.59	3.82%	16.93	2.05%	07/01-05	2% to midpoint
301	24.90	25.79	3.57%	25.79	0.00%	07/01-05	
463	15.68	16.37	4.40%	16.37	0.00%	07/01-05	
565	22.87	23.60	3.19%	23.60	0.00%	07/01-05	
504	18.75	19.52	4.11%	19.92	2.05%	07/01-05	2% to midpoint
358	24.76	25.68	3.72%	25.68	0.00%	07/01-05	
322	14.23	14.72	3.44%	14.72	0.00%	07/01-05	
506	16.76	17.60	5.01%	17.60	0.00%	07/01-05	
599	18.98	18.98	0.00%	18.98	0.00%	07/01-05	
114	14.61	15.82	8.28%	15.82	0.00%	07/01-05	

South Kentucky Rural Electric  
Case No. 2005-00450  
Employee Earnings and Hours  
August 31, 2005

Exhibit 1  
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Witness: Allen Anderson

Employee Number	Wage Rate 28-Jun-2005	Wage Rate 19-Jul-2005	July 1, 2005 Percent Increase	Wage Rate 01-Sep-2005	Percent Increase 01-Sep-2005	Date of last Increase	Reason for increase
265	24.03	24.78	3.12%	24.78	0.00%	07/01-05	
374	14.86	15.49	4.24%	15.49	0.00%	07/01-05	
253	19.70	20.34	3.25%	20.34	0.00%	07/01-05	
432	20.39	21.23	4.12%	21.23	0.00%	07/01-05	
363	20.86	21.69	3.98%	22.13	2.03%	07/01-05	2% to midpoint
303	19.31	20.14	4.30%	20.14	0.00%	07/01-05	
472	15.84	16.32	3.03%	16.32	0.00%	07/01-05	
503	16.06	16.73	4.17%	16.73	0.00%	07/01-05	
464	15.84	16.32	3.03%	16.32	0.00%	07/01-05	
457	15.59	16.14	3.53%	16.14	0.00%	07/01-05	
164	16.69	17.18	2.94%	17.18	0.00%	07/01-05	
258	22.68	22.93	1.10%	22.93	0.00%	07/01-05	
586	20.46	21.34	4.30%	21.34	0.00%	07/01-05	
257	18.10	18.77	3.70%	18.77	0.00%	07/01-05	
560	23.20	24.09	3.84%	24.09	0.00%	07/01-05	
241	25.10	26.40	5.18%	26.93	2.01%	07/01-05	2% to midpoint
185	16.15	16.40	1.55%	16.40	0.00%	07/01-05	
528	17.53	18.16	3.59%	18.16	0.00%	07/01-05	
328	15.96	16.45	3.07%	16.45	0.00%	07/01-05	
302	23.33	23.99	2.83%	23.99	0.00%	07/01-05	
436	14.49	15.05	3.86%	15.05	0.00%	07/01-05	
269	15.65	15.90	1.60%	15.90	0.00%	07/01-05	
532	18.83	19.71	4.67%	19.71	0.00%	07/01-05	
524	17.53	18.62	6.22%	19.00	2.04%	07/01-05	2% to midpoint
356	17.03	17.46	2.52%	17.46	0.00%	07/01-05	
250	24.76	25.92	4.68%	25.92	0.00%	07/01-05	
296	15.98	16.67	4.32%	16.67	0.00%	07/01-05	
460	18.83	19.32	2.60%	19.32	0.00%	07/01-05	
378	19.73	20.41	3.45%	20.41	0.00%	07/01-05	
420	16.52	18.06	9.32%	18.06	0.00%	07/01-05	
146	20.02	20.74	3.60%	20.74	0.00%	07/01-05	
418	20.01	21.15	5.70%	21.15	0.00%	07/01-05	
453	19.00	19.95	5.00%	19.95	0.00%	07/01-05	
329	23.30	24.19	3.82%	24.68	2.03%	07/01-05	2% to midpoint
527	17.05	17.90	4.99%	17.90	0.00%	07/01-05	
381	14.24	14.68	3.09%	14.98	2.04%	07/01-05	2% to midpoint
240	18.93	19.65	3.80%	19.65	0.00%	07/01-05	
192	23.04	23.99	4.12%	23.99	0.00%	07/01-05	
478	18.30	19.22	5.03%	19.22	0.00%	07/01-05	
439	16.03	17.24	7.55%	17.24	0.00%	07/01-05	
490	20.01	21.15	5.70%	21.15	0.00%	07/01-05	
242	23.53	24.60	4.55%	24.60	0.00%	07/01-05	
313	17.66	18.58	5.21%	18.58	0.00%	07/01-05	
546	17.05	17.90	4.99%	17.90	0.00%	07/01-05	
570	16.32	17.04	4.41%	17.04	0.00%	07/01-05	
529	12.58	13.10	4.13%	13.37	2.06%	07/01-05	2% to midpoint

South Kentucky Rural Electric  
Case No. 2005-00450  
Employee Earnings and Hours  
August 31, 2005

Witness: Allen Anderson

Employee Number	Wage Rate 28-Jun-2005	Wage Rate 19-Jul-2005	July 1, 2005 Percent Increase	Wage Rate 01-Sep-2005	Percent Increase 01-Sep-2005	Date of last Increase	Reason for increase
507	17.53	18.46	5.31%	18.83	2.00%	07/01-05	2% to midpoint
198	22.81	23.90	4.78%	23.90	0.00%	07/01-05	
488	18.54	19.16	3.34%	19.55	2.04%	07/01-05	2% to midpoint
523	17.05	17.90	4.99%	17.90	0.00%	07/01-05	
531	18.21	19.46	6.86%	19.46	0.00%	07/01-05	
384	23.06	23.88	3.56%	23.88	0.00%	07/01-05	
591	11.99	12.24	2.09%	12.86	5.07%	07/01-05	6 month review
209	25.06	25.89	3.31%	25.89	0.00%	07/01-05	
440	17.09	18.36	7.43%	18.36	0.00%	07/01-05	
597	22.00	22.00	0.00%	22.00	0.00%	07/01-05	
571	13.73	14.27	3.93%	14.27	0.00%	07/01-05	
284	23.58	24.93	5.73%	24.93	0.00%	07/01-05	
522	20.46	21.33	4.25%	21.76	2.02%	07/01-05	2% to midpoint
353	21.22	21.85	2.97%	21.85	0.00%	07/01-05	
433	19.95	20.78	4.16%	21.20	2.02%	07/01-05	2% to midpoint
373	23.14	23.99	3.67%	23.99	0.00%	07/01-05	
452	19.46	19.71	1.28%	19.71	0.00%	07/01-05	
362	19.27	19.89	3.22%	19.89	0.00%	07/01-05	
343	21.47	22.30	3.87%	22.30	0.00%	07/01-05	
277	18.15	18.69	2.98%	18.69	0.00%	07/01-05	
461	18.35	19.18	4.52%	19.18	0.00%	07/01-05	
309	18.42	18.99	3.09%	18.99	0.00%	07/01-05	
364	20.40	21.24	4.12%	21.24	0.00%	07/01-05	
562	18.41	18.95	2.93%	18.95	0.00%	07/01-05	

Subtotal hourly employees

**Summer and Part Time Employees:**

593	6.50	6.50	0.00%	6.50	0.00%	07/01-04	
589	7.00	7.00	0.00%	7.00	0.00%	07/01-04	
165	20.00	20.00	0.00%	20.00	0.00%	07/01-04	
578	7.50	7.50	0.00%	7.50	0.00%	07/01-04	
279	11.00	11.25	2.27%	11.25	0.00%	07/01-05	
596	6.50	6.50	0.00%	6.50	0.00%	07/01-04	
595	6.50	6.50	0.00%	6.50	0.00%	07/01-04	
282	11.00	11.25	2.27%	11.25	0.00%	07/01-05	

South Kentucky Rural Electric Cooperative  
Case No. 2005-00450  
Employee Information  
August 31, 2005

The following is a list of employees added during the test year, and the employees that were replaced, or reason for hiring the employees.

<u>Employee</u> <u>Hired</u>	<u>Reason</u>	
590	Replaced terminated employee	585
591	Replaced promoted employee	274
592	Replaced transferred employee	562
559	New position	-
594	Replaced retired employee	170
597	New position, add crew in Albany	-
598	New position, add crew in Albany	-
599	Replaced terminated employee	561

The following is a list of employees terminated, and the date.

<u>Employee</u> <u>Number</u>	<u>Month</u> <u>Terminated</u>
107	02/05
479	08/05
161	12/04
170	04/05
561	05/05
585	10/04

The remaining employees listed as retirees and receiving a Christmas bonus are presently on long-term disability.

South Kentucky Rural Electric  
Case No. 2005-00450  
Compensation of Executive Officers  
August 31, 2005

	<----	Test Year	---->	Employees
		Percent of		who
	<u>Salary</u>	<u>Increase</u>	<u>Date</u>	<u>Report</u>
Chief Executive Officer - CEO	151,056.01	5.8%	07/01-05	all
Chief Operating Officer - COO	101,687.55	4.9%	07/01-05	108
Chief Financial Officer - CFO	95,748.00	4.9%	07/01-05	16

	<u>First Preceding Year</u>		
		Percent of	
	<u>Salary</u>	<u>Increase</u>	<u>Date</u>
Chief Executive Officer - CEO	142,812.80	29.8%	07/01-04
Chief Operating Officer - COO	96,928.00	21.1%	07/01-04
Chief Financial Officer - CFO	91,312.00	14.1%	07/01-04

	<u>Second Preceding Year</u>		
		Percent of	
	<u>Salary</u>	<u>Increase</u>	<u>Date</u>
Chief Executive Officer - CEO	110,011.20	0.0%	07/01-03
Chief Operating Officer - COO	80,017.60	0.0%	07/01-03
Chief Financial Officer - CFO	80,017.60	0.0%	07/01-03

Witness: Allen Anderson

South Kentucky Rural Electric  
Case No. 2005-00450  
Compensation of Executive Officers  
August 31, 2005

**CEO Duties and Responsibilities**

This is addressed in Board Policy "F" which is attached. Reports to Board of Directors.

**COO Duties and Responsibilities**

Collaborates with Team Leaders on a daily basis for operational needs. Prepares and presents the CEO an annual capital and expense budget. Plan and organize to serve members with efficient work. Investigate member concerns that have not been satisfied by other employees. Analyze electric sales revenues, collections, delinquents, write-offs and penalty charges for efficiencies. Promote fast, dependable electric service to the members and maintain power quality. Maintain knowledge of laws and regulations governing the operations of South Kentucky Rural Electric. Participate in community events and programs. Reports to CEO.

**CFO Duties and Responsibilities**

Coordinates all audit efforts by various agencies. Maintains financial status of Cooperative by developing budgets and financial statements. Collaborates with team leaders to fill any vacant positions. Assists and advises other as requested in the preparation of departmental budgets. Maintains all information related to accounting as needed. Determine short term cash investments and long term cash requirements. Directs preparation of daily cash transactions. Certifies the monthly Uniform Fuel Adjustment regulation and submits to PSC. Assists in the development of information necessary for long term loan applications. Review financial information to ensure compliance with regulatory agencies. Ensure taxes are properly prepared and filed on a timely basis. Reports to CEO.

APPROVED: 5-13-04  
REVISED: \_\_\_\_\_

**South Kentucky Rural Electric Cooperative Corporation**  
**POLICY "F"**  
**DELEGATION OF AUTHORITY FROM THE BOARD OF DIRECTORS TO THE CHIEF**  
**EXECUTIVE OFFICER**

**I**     OBJECTIVE

To delegate authority to the General Chief Executive and to express the board's expectations regarding managerial performance.

**II**    POLICY

The Chief Executive is the chief operating officer of the corporation, capable of binding it legally and responsible for day-to-day operations. In furtherance the Cooperative's mission statement, vision statement and the seven cooperative principles as set forth as the objective of Policy A, I of this policy. To this end, the Chief Executive shall:

A. Planning

1. Identify the mission, objectives and strategic priorities of the cooperative by periodically engaging in a planning process with the board.
2. Develop policies to be recommended to the board for its consideration. The Chief Executive shall review such policies at least once a year with recommendations regarding revisions.
3. Conduct studies and market research, utilizing staff and develop proposed action plans and reports in such areas as load forecasts, power requirements, financial plans, energy management and marketing plans, and engineering requirements.
4. Arrange for member satisfaction surveys and other techniques to measure consumer satisfaction, and also on a periodic basis conduct needs assessments to determine consumer interest in additional products or services that might be offered by the cooperative.
5. Develop plans for annual and other member meetings of the cooperative and make appropriate recommendations to the board regarding the conduct of such meetings.

6. Develop long-range financial plans, cash management plans, and work plans and budgets for recommendation to the board, and provide periodic reports on revenue, expenses and other results compared to such plans.
7. Analyze and determine in coordination with the statewide and the National Rural Electric Cooperative Association, state and Federal legislative and regulatory matters to be proposed, supported or opposed.
8. Periodically analyze the system's rates and service rules and regulations to make sure they meet operating requirements and make appropriate recommendations to the board.

#### B. Organization and Human Resource Management

1. Review activities of the cooperative and determine the organization structure best suited to carry out its objectives within the limitations of the budget, including recommending the need for additional positions.
2. Insure that written position descriptions and job specifications are prepared and reviewed as necessary for all personnel. Such completed descriptions will not require board approval.
3. Develop or approve standards and qualifications for use in recruitment, transfer and promotion of personnel, and select, appoint, transfer, promote and terminate personnel.
4. Ensure that staff members are trained in accordance with the qualifications and requirements of their positions.
5. Appraise, at least annually, the performance of immediate staff members, and ensure that a performance appraisal program is established and carried out for all personnel.
6. Develop and propose a compensation plan for board approval.
7. Determine all salary adjustments, except the Chief Executive's within the board-approved compensation plan and policy and within the limitations of the budget. The board shall determine salary adjustments for the Chief Executive.
8. Negotiate, with or without consulting assistance, labor contracts and make recommendations to the board. Administer the approved labor contract and see that the appropriate managers and supervisors understand the provisions of the contract and its administration.

9. Authorize and approve travel expenses of personnel (except the Chief Executive's) on company business within the limitations of the budget and within established policy. Such expenses shall be supported by itemized expense accounts with receipts attached, as appropriate. The Secretary-Treasurer or the board will review expenses of the Chief Executive.
10. Select and appoint consultants to provide advice and assistance within the limitations of the work plan and budget, and advise the board of actions taken. The selection of consultants working in areas that affect the functions of the board requires board approval. Report to the board periodically on services provided and the fees received by consultants.

#### C. Operations

1. Direct day-to-day operations of the cooperative except as specified otherwise by the bylaws or the Board of Directors; delegate authority to immediate staff; authorize further delegation of authority to any level of management with full recognition that the Chief Executive cannot be relieved of overall accountability.
2. Designate an appropriate person to serve as acting manager in an extended absence of the Chief Executive. In case the Chief Executive becomes incapacitated, the Chief Operating Officer shall serve temporarily as acting manager until the Board of Directors takes appropriate action, at a meeting to be convened as soon as possible.
3. Participate in national, regional, state and local meetings that further the best interests of the cooperative, within the limitations of board policy and the approved budget. Participation by the Chief Executive in such activities that require considerable time over a sustained period requires the approval of the board. The Chief Executive's serving on the board of other organizations shall be reported to the board.
4. Serve as the authorized spokesperson for the cooperative.
5. Administer the approved budget, including approval of non-budgeted items up to \$25,000 or all non-budgeted items, which, in his judgment, are vital to effect unanticipated emergency maintenance or repairs. Non-budgeted items exceeding \$25,000 which are not items vital to effect unanticipated emergency maintenance or repairs, must be presented to the board for approval.
6. Determine insurance coverage required for effective risk management and negotiate purchase of such coverage within the limitations of the budget and board policy.

7. Authorize memberships in civic clubs and organizations and company memberships in local organizations in which membership would be beneficial to the cooperative.

D. Reporting to and Working with the Board

1. Develop with the Board President a schedule of topics to be discussed and reports to be presented to the board to ensure that adequate attention can be devoted to strategic issues and challenges.
2. Develop with the Board President an agenda for each board meeting to ensure that issues are discussed in a timely fashion. Ensure that the agenda reflects the distinction between board reports that address past actions and decisional issues that involve future issues that must be addressed.
3. Report to the board on conformity of operations with approved policies, plans and budgets, and recommend revisions requiring board approval. Periodic and special reports include:
  - a. Status of the long-range financial plan, including capital credits, equity management and rate competitiveness
  - b. The Annual Financial Audit and Management Letter
  - c. Reports on electric service reliability
  - d. Reports on consumer satisfaction
  - e. A review of the bylaws, board policies or legal issues
  - f. Loss Control
  - g. Others as appropriate

III RESPONSIBILITY

- A. The Chief Executive shall report to the board on how these delegations are being carried out. The Chief Executive may delegate any of the foregoing authorities to the acting manager.
- B. The Board of Directors is responsible for seeing that the performance of the General Manager/Chief Executive is appraised each year by the board, including a recommendation on a salary adjustment when appropriate, and that the results of such appraisal are discussed with the General Manager/Chief Executive.

South Kentucky Rural Electric Cooperative

Case No. 2005-00450

**Payroll Taxes**  
August 31, 2005

The employer's portion of FICA and medicare rates remain the same for 2005 as they were for 2004. The FICA rate is 6.2% and medicare is 1.45%. The wage limit increases from \$87,900 in 2004 to \$90,000 in 2005 for FICA; all wages are subject to medicare.

Federal unemployment rates are 0.80% for the first \$7,000 of wages and state unemployment rate is 0.60% for the first \$8,000 of wages.

Proposed FICA amounts

FICA	467,117	
Medicare	110,320	
	<u>577,437</u>	
Proposed FUTA	9,073	
Proposed SUTA	7,765	594,275

Test year amount

FICA and Medicare	538,520	
Test year FUTA	9,398	
Test year SUTA	7,895	555,813

Increase

38,462

**Adjustment:**

		<u>Percent</u>	<u>Amount</u>
107	Capitalized	31.46%	12,100
163 - 416	Clearing and others	8.71%	3,350
580	Operations	14.01%	5,388
590	Mainteneance	16.31%	6,273
901	Consumer accounts	15.22%	5,854
908	Customer service	4.66%	1,792
912	Sales	0.14%	54
920	Administrative and general	9.49%	3,650
		<u>100.00%</u>	<u>\$38,462</u>

State unememployment (SUTA) wage rates are as follows:

2005	0.60%
2004	0.60%
2003	0.50%
2002	0.08%
2001	0.08%
2000	0.36%

South Kentucky Rural Electric  
Case No. 2005-00450  
Employee Earnings and Hours  
August 31, 2005

Employee Number	Adjusted Total	Social Security Wages		Medicare Wages	Federal Unemployment		State Unemployment	
		Up To \$90,000	@ 6.20%	All Wages 1.45%	Up to \$7,000	0.80%	Up to \$8,000	0.600%

**Salaried Employees:**

280	150,010	90,000	5,580	150,010	2,175	7,000	56	8,000	48
225	48,090	48,090	2,982	48,090	697	7,000	56	8,000	48
227	52,811	52,811	3,274	52,811	766	7,000	56	8,000	48
563	53,643	53,643	3,326	53,643	778	7,000	56	8,000	48
491	40,186	40,186	2,492	40,186	583	7,000	56	8,000	48
340	37,731	37,731	2,339	37,731	547	7,000	56	8,000	48
119	62,670	62,670	3,886	62,670	909	7,000	56	8,000	48
130	51,126	51,126	3,170	51,126	741	7,000	56	8,000	48
134	48,672	48,672	3,018	48,672	706	7,000	56	8,000	48
394	91,832	90,000	5,580	91,832	1,332	7,000	56	8,000	48
323	51,709	51,709	3,206	51,709	750	7,000	56	8,000	48
150	60,403	60,403	3,745	60,403	876	7,000	56	8,000	48
297	49,920	49,920	3,095	49,920	724	7,000	56	8,000	48
275	63,236	63,236	3,921	63,236	917	7,000	56	8,000	48
480	54,978	54,978	3,409	54,978	797	7,000	56	8,000	48
126	47,507	47,507	2,945	47,507	689	7,000	56	8,000	48
320	53,435	53,435	3,313	53,435	775	7,000	56	8,000	48
337	53,934	53,934	3,344	53,934	782	7,000	56	8,000	48
387	57,724	57,724	3,579	57,724	837	7,000	56	8,000	48
291	72,010	72,010	4,465	72,010	1,044	7,000	56	8,000	48
271	52,624	52,624	3,263	52,624	763	7,000	56	8,000	48
218	56,601	56,601	3,509	56,601	821	7,000	56	8,000	48
277	37,066	37,066	2,298	37,066	537	7,000	56	8,000	48
547	102,294	90,000	5,580	102,294	1,483	7,000	56	8,000	48
Subtotal Sal	1,450,213	1,376,077	85,317	1,450,213	21,028	168,000	1,344	192,000	1,152

**Hourly Employees:**

376	54,794	54,794	3,397	54,794	795	7,000	56	8,000	48
594	32,005	32,005	1,984	32,005	464	7,000	56	8,000	48
200	39,725	39,725	2,463	39,725	576	7,000	56	8,000	48
581	26,473	26,473	1,641	26,473	384	7,000	56	8,000	48
455	41,296	41,296	2,560	41,296	599	7,000	56	8,000	48
526	58,785	58,785	3,645	58,785	852	7,000	56	8,000	48
172	41,665	41,665	2,583	41,665	604	7,000	56	8,000	48
	26,648	26,648	1,652	26,648	386	7,000	56	8,000	48
	74,807	74,807	4,638	74,807	1,085	7,000	56	8,000	48

South Kentucky Rural Electric  
Case No. 2005-00450  
Employee Earnings and Hours  
August 31, 2005

Employee Number	Adjusted Total	Social Security Wages		Medicare Wages	Federal Unemployment		State Unemployment		
		Up To \$90,000	@ 6.20%		Up to \$7,000	0.80%	Up to \$8,000	0.600%	
235	61,349	61,349	3,804	61,349	890	7,000	56	8,000	48
298	37,506	37,506	2,325	37,506	544	7,000	56	8,000	48
380	33,859	33,859	2,099	33,859	491	7,000	56	8,000	48
267	61,266	61,266	3,798	61,266	888	7,000	56	8,000	48
451	44,957	44,957	2,787	44,957	652	7,000	56	8,000	48
110	37,561	37,561	2,329	37,561	545	7,000	56	8,000	48
559	29,640	29,640	1,838	29,640	430	7,000	56	8,000	48
324	52,417	52,417	3,250	52,417	760	7,000	56	8,000	48
252	44,636	44,636	2,767	44,636	647	7,000	56	8,000	48
377	42,909	42,909	2,660	42,909	622	7,000	56	8,000	48
232	72,370	72,370	4,487	72,370	1,049	7,000	56	8,000	48
287	34,950	34,950	2,167	34,950	507	7,000	56	8,000	48
447	56,655	56,655	3,513	56,655	821	7,000	56	8,000	48
397	37,178	37,178	2,305	37,178	539	7,000	56	8,000	48
569	33,319	33,319	2,066	33,319	483	7,000	56	8,000	48
416	31,776	31,776	1,970	31,776	461	7,000	56	8,000	48
274	42,260	42,260	2,620	42,260	613	7,000	56	8,000	48
421	41,237	41,237	2,557	41,237	598	7,000	56	8,000	48
289	42,825	42,825	2,655	42,825	621	7,000	56	8,000	48
564	40,649	40,649	2,520	40,649	589	7,000	56	8,000	48
477	30,559	30,559	1,895	30,559	443	7,000	56	8,000	48
508	38,935	38,935	2,414	38,935	565	7,000	56	8,000	48
525	32,087	32,087	1,989	32,087	465	7,000	56	8,000	48
459	41,883	41,883	2,597	41,883	607	7,000	56	8,000	48
395	44,109	44,109	2,735	44,109	640	7,000	56	8,000	48
431	34,365	34,365	2,131	34,365	498	7,000	56	8,000	48
391	45,526	45,526	2,823	45,526	660	7,000	56	8,000	48
489	41,514	41,514	2,574	41,514	602	7,000	56	8,000	48
458	34,043	34,043	2,111	34,043	494	7,000	56	8,000	48
584	55,956	55,956	3,469	55,956	811	7,000	56	8,000	48
419	44,325	44,325	2,748	44,325	643	7,000	56	8,000	48
304	64,145	64,145	3,977	64,145	930	7,000	56	8,000	48
290	61,366	61,366	3,805	61,366	890	7,000	56	8,000	48
520	32,993	32,993	2,046	32,993	478	7,000	56	8,000	48
545	62,040	62,040	3,846	62,040	900	7,000	56	8,000	48
140	42,399	42,399	2,629	42,399	615	7,000	56	8,000	48
●	39,521	39,521	2,450	39,521	573	7,000	56	8,000	48
●	44,214	44,214	2,741	44,214	641	7,000	56	8,000	48

South Kentucky Rural Electric  
Case No. 2005-00450  
Employee Earnings and Hours  
August 31, 2005

Employee Number	Adjusted Total	Social Security Wages		Medicare Wages All Wages	Federal Unemployment Up to \$7,000 0.80%	State Unemployment Up to \$8,000 0.600%			
		Up To \$90,000	@ 6.20%						
142	39,211	39,211	2,431	39,211	569	7,000	56	8,000	48
350	51,155	51,155	3,172	51,155	742	7,000	56	8,000	48
566	46,118	46,118	2,859	46,118	669	7,000	56	8,000	48
437	35,774	35,774	2,218	35,774	519	7,000	56	8,000	48
147	55,182	55,182	3,421	55,182	800	7,000	56	8,000	48
592	25,543	25,543	1,584	25,543	370	7,000	56	8,000	48
360	35,760	35,760	2,217	35,760	519	7,000	56	8,000	48
301	55,432	55,432	3,437	55,432	804	7,000	56	8,000	48
463	35,547	35,547	2,204	35,547	515	7,000	56	8,000	48
565	63,797	63,797	3,955	63,797	925	7,000	56	8,000	48
504	41,673	41,673	2,584	41,673	604	7,000	56	8,000	48
358	68,611	68,611	4,254	68,611	995	7,000	56	8,000	48
322	33,091	33,091	2,052	33,091	480	7,000	56	8,000	48
506	37,426	37,426	2,320	37,426	543	7,000	56	8,000	48
599	39,763	39,763	2,465	39,763	577	7,000	56	8,000	48
114	32,906	32,906	2,040	32,906	477	7,000	56	8,000	48
265	63,400	63,400	3,931	63,400	919	7,000	56	8,000	48
374	33,334	33,334	2,067	33,334	483	7,000	56	8,000	48
253	50,148	50,148	3,109	50,148	727	7,000	56	8,000	48
432	56,403	56,403	3,497	56,403	818	7,000	56	8,000	48
363	73,283	73,283	4,544	73,283	1,063	7,000	56	8,000	48
303	58,061	58,061	3,600	58,061	842	7,000	56	8,000	48
472	39,870	39,870	2,472	39,870	578	7,000	56	8,000	48
503	42,829	42,829	2,655	42,829	621	7,000	56	8,000	48
464	40,139	40,139	2,489	40,139	582	7,000	56	8,000	48
457	34,043	34,043	2,111	34,043	494	7,000	56	8,000	48
164	37,474	37,474	2,323	37,474	543	7,000	56	8,000	48
258	51,312	51,312	3,181	51,312	744	7,000	56	8,000	48
586	52,870	52,870	3,278	52,870	767	7,000	56	8,000	48
257	39,098	39,098	2,424	39,098	567	7,000	56	8,000	48
560	51,101	51,101	3,168	51,101	741	7,000	56	8,000	48
241	66,214	66,214	4,105	66,214	960	7,000	56	8,000	48
185	34,112	34,112	2,115	34,112	495	7,000	56	8,000	48
528	46,885	46,885	2,907	46,885	680	7,000	56	8,000	48
328	34,796	34,796	2,157	34,796	505	7,000	56	8,000	48
302	63,448	63,448	3,934	63,448	920	7,000	56	8,000	48
269	32,421	32,421	2,010	32,421	470	7,000	56	8,000	48
269	33,072	33,072	2,050	33,072	480	7,000	56	8,000	48

South Kentucky Rural Electric  
Case No. 2005-00450  
Employee Earnings and Hours  
August 31, 2005

Employee Number	Adjusted Total	Social Security Wages		Medicare Wages		Federal Unemployment		State Unemployment	
		Up To \$90,000	@ 6.20%	All Wages	1.45%	Up to \$7,000	0.80%	Up to \$8,000	0.600%
532	48,240	48,240	2,991	48,240	699	7,000	56	8,000	48
524	46,574	46,574	2,888	46,574	675	7,000	56	8,000	48
356	36,670	36,670	2,274	36,670	532	7,000	56	8,000	48
250	64,042	64,042	3,971	64,042	929	7,000	56	8,000	48
296	36,149	36,149	2,241	36,149	524	7,000	56	8,000	48
460	40,417	40,417	2,506	40,417	586	7,000	56	8,000	48
378	43,448	43,448	2,694	43,448	630	7,000	56	8,000	48
420	37,768	37,768	2,342	37,768	548	7,000	56	8,000	48
146	43,139	43,139	2,675	43,139	626	7,000	56	8,000	48
418	53,383	53,383	3,310	53,383	774	7,000	56	8,000	48
453	42,334	42,334	2,625	42,334	614	7,000	56	8,000	48
329	53,445	53,445	3,314	53,445	775	7,000	56	8,000	48
527	37,769	37,769	2,342	37,769	548	7,000	56	8,000	48
381	31,967	31,967	1,982	31,967	464	7,000	56	8,000	48
240	40,872	40,872	2,534	40,872	593	7,000	56	8,000	48
192	71,310	71,310	4,421	71,310	1,034	7,000	56	8,000	48
478	53,802	53,802	3,336	53,802	780	7,000	56	8,000	48
439	45,259	45,259	2,806	45,259	656	7,000	56	8,000	48
490	44,246	44,246	2,743	44,246	642	7,000	56	8,000	48
242	63,105	63,105	3,913	63,105	915	7,000	56	8,000	48
313	41,447	41,447	2,570	41,447	601	7,000	56	8,000	48
546	38,071	38,071	2,360	38,071	552	7,000	56	8,000	48
570	35,724	35,724	2,215	35,724	518	7,000	56	8,000	48
529	28,812	28,812	1,786	28,812	418	7,000	56	8,000	48
507	48,967	48,967	3,036	48,967	710	7,000	56	8,000	48
198	61,220	61,220	3,796	61,220	888	7,000	56	8,000	48
488	51,822	51,822	3,213	51,822	751	7,000	56	8,000	48
523	43,508	43,508	2,698	43,508	631	7,000	56	8,000	48
531	45,673	45,673	2,832	45,673	662	7,000	56	8,000	48
384	66,076	66,076	4,097	66,076	958	7,000	56	8,000	48
591	27,530	27,530	1,707	27,530	399	7,000	56	8,000	48
209	54,473	54,473	3,377	54,473	790	7,000	56	8,000	48
440	45,625	45,625	2,829	45,625	662	7,000	56	8,000	48
597	47,295	47,295	2,932	47,295	686	7,000	56	8,000	48
571	29,853	29,853	1,851	29,853	433	7,000	56	8,000	48
284	62,269	62,269	3,861	62,269	903	7,000	56	8,000	48
533	66,354	66,354	4,114	66,354	962	7,000	56	8,000	48
532	56,854	56,854	3,525	56,854	824	7,000	56	8,000	48



South Kentucky Rural Electric  
 Case No. 2005-00450  
 Employee Earnings and Hours  
 August 31, 2005

Employee Number	Adjusted Total	Social Security Wages		Medicare Wages		Federal Unemployment		State Unemployment	
		Up To \$90,000	@ 6.20%	All Wages	1.45%	Up to \$7,000	0.80%	Up to \$8,000	0.600%
326	0	0	0	0	0	0	0	0	0
585	0	0	0	0	0	0	0	0	0
191	0	0	0	0	0	0	0	0	0
216	0	0	0	0	0	0	0	0	0
217	0	0	0	0	0	0	0	0	0
Subtotal ret	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>7,608,280</b>	<b>7,534,144</b>	<b>467,117</b>	<b>7,608,280</b>	<b>110,320</b>	<b>1,134,124</b>	<b>9,073</b>	<b>1,294,124</b>	<b>7,765</b>

South Kentucky Rural Electric Cooperative

Case No. 2005-00450

August 31, 2005

**Depreciation Expense**

Depreciation is computed on a composite basis. The ending plant balance is multiplied by rates that are within RUS approved guidelines. Depreciation rates and procedures follow RUS Bulletin 183-1. South Kentucky has never had a depreciation study performed, and is not submitting a study with this application.

Depreciation on transportation equipment is charged to a clearing account. Transportation costs are then cleared to various accounts based on hours used for each vehicle, using a standard rate per hour to clear the costs.

South Kentucky Rural Electric Cooperative  
Case No. 2005-00450  
August 31, 2005

Schedule 3  
page 2 of 6

Account Number	Description	Aug 31, 2005 Balance	Rate	Normalized Expense	Test Year Expense	Items Fully Depreciated
Distribution plant:						
360	Land	\$52,264				
362	Station	772,107				
364	Poles, towers & fixtures	37,722,490				
365	Overhead conductors & devices	38,411,066				
366	Underground conduit	310,989				
367	Underground conductor & devices	2,654,010				
368	Line transformers	21,503,692				
369	Services	15,032,672				
370	Meters	3,970,015				
371	Security lights	4,703,722				
373	Street lights	307,392				
		<u>125,440,419</u>	3.00%	<u>3,763,213</u>	<u>3,646,560</u>	
General plant:						
389	Land	2,823,943				
390	Structures and improvements	2,297,237	2.0%	45,945	43,374	
391	Office furn and eqt	434,000	6.0%	26,040	8,820	
391.1	Computer equipment	1,812,682	15.0%	271,902	161,112	
391.11	Computer AVL equipment	410,259	15.0%	61,539	61,494	
392	Transportation	7,149,751	15.0%	865,814	834,741	1,377,661
393	Stores	95,108	15.0%	14,266	3,694	
394	Tools, shop and garage	139,364	6.0%	8,362	7,825	
395	Laboratory	240,943	6.0%	14,457	11,042	
396	Power operated	95,725	12.0%	11,487	5,877	
397	Communications	428,921	6.0%	25,735	20,249	
398	Miscellaneous	142,103	6.0%	8,526	6,987	
		<u>16,070,036</u>		<u>1,354,072</u>	<u>1,165,215</u>	
	Total electric plant	<u>\$141,510,455</u>		<u>5,117,285</u>	<u>4,811,775</u>	

Items that are fully depreciated are removed from the ending balance to compute test year depreciation.

South Kentucky Rural Electric Cooperative

Exhibit 3

Case No. 2005-00450  
August 31, 2005

page 3 of 6

	Normalized	Test Year	Adjustment
Total	5,117,285	4,811,775	305,510
Less amount to transportation clearing	865,814	834,741	31,073
Depreciation expense	4,251,472	3,977,034	274,438

The allocation of the increase in depreciation on transportation equipment is based on actual test year transportation clearing.

Account	%	Amount
Construction and retirement WIP	43%	\$13,265
Others	8%	2,419
Distribution - operations	14%	4,401
Distribution - maintenance	26%	7,971
Consumer accounts	2%	562
Consumer service and information	3%	915
Administrative and general	5%	1,539
Total	100%	\$31,073

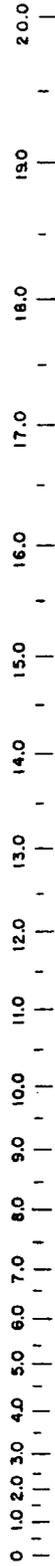
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South Kentucky Rural Electric Cooperative  
Case No. 2005-00450  
**Depreciation Guideline Curve**  
August 31, 2005

<u>Year</u> <u>Ended</u>	<u>Distribution</u> <u>Plant in</u> <u>Service</u>	<u>Accumulated</u> <u>Deprec</u> <u>for</u> <u>Distribution</u>	<u>Reserve</u> <u>Ratio</u>	<u>Ratio of Current</u> <u>Distribution Plant</u> <u>to Distribution</u> <u>Plant 10 Years Prior</u>
2004	120,066,035	22,992,602	19.15%	1.90
2003	113,447,866	21,578,379	19.02%	1.90
2002	107,120,268	20,352,691	19.00%	1.90
2001	101,238,865	19,103,391	18.87%	1.89
2000	94,787,059	18,198,086	19.20%	1.88
1994	63,353,338	14,274,783	22.53%	
1993	59,650,409	13,514,443	22.66%	
1992	56,447,349	12,534,331	22.21%	
1991	53,613,283	11,903,442	22.20%	
1990	50,479,764	11,357,989	22.50%	

### DEPRECIATION GUIDELINE CURVES

Average Annual Compounded Rate Of Growth Of Distribution Plant In Service (Percent) For At Least The Last 10 Years



60

50

40

30

20

10

0

Reserve Ratio - Percent

19.15%

Applicable To Distribution Borrowers With An Elapsed Age Since Energization Of At Least 20 Years

Reserve Ratio = Accumulated Provision For Depreciation On Distribution Plant Divided By Distribution Plant In Service.

25 R3 - 10% Salvage

30 R1 - 10% Salvage

35 R1 - 10% Salvage

Optimum Curve

Minimum Curve

Maximum Curve

Ratio Of Current Distribution Plant In Service To Distribution Plant In Service 10 Years Ago

1.90

South Kentucky Rural Electric Cooperative  
 Case No. 2005-00450  
 August 31, 2005

		08/31-04	08/31-05
<b>Changes in electric plant:</b>		<u>Balance</u>	<u>Balance</u>
360	Land	52,264	52,264
362	Station equipment	766,646	772,107
364	Poles, towers and fixtures	35,756,494	37,722,490
365	Overhead conductor and devices	36,206,350	38,411,066
366	Underground conduit	284,901	310,989
367	Underground conductor and devices	2,216,668	2,654,010
368	Line transformers	20,062,252	21,503,692
369	Services	13,883,317	15,032,672
370	Meters	3,843,141	3,970,016
371	Security lights	4,393,292	4,703,722
373	Street lights	277,756	307,392
	<b>Subtotal distribution plant</b>	<b>117,743,081</b>	<b>125,440,420</b>
389	Land	2,724,595	2,823,943
390	Structures and improvements	2,723,271	2,297,237
391	Office furniture and equipment	427,001	434,000
391.01	Computer equipment	1,626,639	1,812,682
391.11	Computer AVL equipment	378,477	410,259
392	Transportation equipment	6,690,762	7,149,751
393	Stores	95,108	95,108
394	Tools, shop and garage	132,970	139,364
395	Laboratory	242,950	240,943
396	Power operated	102,698	95,725
397	Communication	423,533	428,921
398	Miscellaneous	138,959	142,103
	<b>Subtotal general plant</b>	<b>15,706,963</b>	<b>16,070,036</b>
	<b>Total electric plant in service</b>	<b>\$133,450,044</b>	<b>\$141,510,456</b>

South Kentucky Rural Electric Cooperative  
 Case No. 2005-00450  
 August 31, 2005

Changes in reserve for depreciation:

	08/31-04 Balance	Accrual	Original Cost	Removal Cost	Gain/Loss Salvage	Net Charge	08/31-05 Balance
Distribution plant	\$2,568,507	\$3,646,560	\$1,484,701	\$880,623	\$259,403	\$2,105,921	\$4,109,146
Land							
Structures and improvements	811,058	43,374	4,904			581	853,851
Office furniture and equipment	310,092	8,820	0				318,912
Computer equipment	1,052,550	161,112	23,579			19,326	1,194,336
Computer AVL equipment	55,867	61,494	0				117,361
Transportation equipment	3,694,076	834,741	21,746			21,746	4,507,071
Stores	71,010	3,694	0				74,704
Tools, shop and garage	61,956	7,825	0				69,781
Laboratory	116,638	11,042	10,016			9,749	117,931
Power operated	69,267	5,877	13,302			13,163	61,981
Communication	230,597	20,249	293			263	250,583
Miscellaneous	57,563	6,987	0				64,550
Subtotal general plant	6,530,674	1,165,215	73,840	0	0	64,828	7,631,061
Retirement WIP	53,339			19,538		19,538	72,877
Total accumulated depreciation	\$9,152,520	\$4,811,775	\$1,558,541	\$900,161	\$259,403	\$2,190,287	\$11,813,084

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South Kentucky Rural Electric  
Case No. 2005-00450  
Analysis of Other Operating Taxes  
August 31, 2005

Line No.	Item (a)	Charged Expense (b)	Charged to Construction (c)	Charged to Other Accounts (d)	Amounts Accrued (e)	Amount Paid (f)
1.	Kentucky Retail:					
	(a) State Income					
	(b) Franchise Fees					
	(c) Ad Valorem	895,405	17,140		912,545	821,816
	(d) Payroll (Employer's Portion)	380,954	174,859		555,813	555,813
	(e) Other Taxes	78,215			78,215	78,215
2.	Total Retail					
	(L1(a) through L1(e))	1,354,574	191,999	0	1,546,573	1,455,844
3.	Other Jurisdictions					
	Total Per Books (L2 and L3)	1,354,574	191,999	0	1,546,573	1,455,844

Allocation of property taxes for the test year:

Account No.	Description	Test Year	Percent	Adjustment
107.20	Construction work in progress	7,320	1%	556
163.00	Stores	9,820	1%	747
416.00	ETs and water heaters	644	0%	49
417.00	Meter poles	1,122	0%	85
418.00	Nonutility property	1,073	0%	82
582.00	Station	6,384	1%	485
583.00	Overhead line	637,254	70%	48,443
584.00	Underground	20,234	2%	1,538
586.00	Meter	32,841	4%	2,497
587.00	Consumer installation	151,673	17%	11,530
588.00	Miscellaneous	4,249	0%	323
903.00	Customer records	21,095	2%	1,604
935.00	General plant	18,836	2%	1,432
		<u>912,545</u>	<u>100%</u>	<u>69,371</u>

Taxing District	<----- Tax Year 2004, Year Ending 12/31/03 ----->			<----- Tax Year 2005, Year Ending 12/31/04 ----->			Increase / Decrease in Taxes
	Reported Value	Certified Assessment	Tax Rate	Taxes Paid	Reported Value	Certified Assessment	

**Adair County**

11	Tangible - County	945,341	945,341	0.1200	1,134.41	1,008,459	1,008,459	0.1349	1,360.41	226
12	Tangible - School	945,341	945,341	0.4410	4,168.95	1,008,459	1,008,459	0.4430	4,467.47	299
13	Tangible - Library	945,341	945,341	0.0484	457.55	1,008,459	1,008,459	0.0550	554.65	97
14	Tangible - Extension	945,341	945,341	0.0378	357.34	1,008,459	1,008,459	0.0421	424.56	67
15	Tangible - Health	945,341	945,341	0.0250	236.34	1,008,459	1,008,459	0.0250	252.11	16
16	Tangible - Ambulance	945,341	945,341	0.0450	425.40	1,008,459	1,008,459	0.0430	433.64	8

**Casey County**

19	Tangible - County	2,794,688	2,794,688	0.0680	1,900.39	2,941,928	2,941,928	0.0680	2,000.51	100
20	Tangible - School	2,794,688	2,794,688	0.3690	10,312.40	2,941,928	2,941,928	0.3710	10,914.55	602
21	Tangible - Ambulance	2,794,688	2,794,688	0.0230	642.78	2,941,928	2,941,928	0.0220	647.22	4
22	Tangible - Extension	2,794,688	2,794,688	0.0153	427.59	2,941,928	2,941,928	0.0153	450.11	23
23	Tangible - Health	2,794,688	2,794,688	0.0200	558.94	2,941,928	2,941,928	0.0200	588.39	29
24	Tangible - Hospital	2,794,688	2,794,688	0.0680	1,900.39	2,941,928	2,941,928	0.0650	1,912.25	12
25	Tangible - Library	2,794,688	2,794,688	0.0666	1,861.26	2,941,928	2,941,928	0.0787	2,315.30	454

**Clinton County**

28	Real estate - County	123,194	123,194	0.0570	70.22	207,187	207,187	0.0570	118.10	48
29	Real estate - School	123,194	123,194	0.4000	492.78	207,187	207,187	0.3980	824.60	332
30	Real estate - Library	123,194	123,194	0.0190	23.41	207,187	207,187	0.0190	39.37	16
31	Real estate - Health	123,194	123,194	0.0200	24.64	207,187	207,187	0.0250	51.80	27
32	Real estate - Extension	123,194	123,194	0.0239	29.44	207,187	207,187	0.0249	51.59	22
33	Real estate - Soil Conserva	123,194	123,194	0.0136	16.75	207,187	207,187	0.0141	29.21	12
34	Tangible - County	7,032,556	7,032,556	0.0780	5,485.39	7,478,426	7,478,426	0.0780	5,833.17	348
35	Tangible - School	7,032,556	7,032,556	0.4000	28,130.22	7,478,426	7,478,426	0.4000	29,913.70	1,783
36	Tangible - Library	7,032,556	7,032,556	0.0190	1,336.19	7,478,426	7,478,426	0.0190	1,420.90	85
37	Tangible - Health	7,032,556	7,032,556	0.0200	1,406.51	7,478,426	7,478,426	0.0250	1,869.61	463
38	Tangible - Extension	7,032,556	7,032,556	0.0312	2,194.16	7,478,426	7,478,426	0.0314	2,348.23	154
39	Tangible - Soil Conserva	7,032,556	7,032,556	0.0000	0.00	7,478,426	7,478,426	0.0000	0.00	0

page totals

63,593.44

68,821.47

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South Kentucky Rural Electric  
Case No. 2005-00450

**Property Taxes**  
August 31, 2005

Exhibit 4  
page 4 of 4  
Witness: Jim Adkins

Taxing District	<----- Tax Year 2004, Year Ending 12/31/03 ----->			<----- Tax Year 2005, Year Ending 12/31/04 ----->			Increase / Decrease in Taxes
	Reported Value	Certified Assessment	Tax Rate	Taxes Paid	Reported Value	Certified Assessment	

**McCreary County**

12	Real estate - County	214,995	214,995	0.1000	215.00	757,638	757,638	0.1000	757.64	543
13	Real estate - School	214,995	214,995	0.4070	875.03	757,638	757,638	0.3930	2,977.52	2,102
14	Real estate - Health	214,995	214,995	0.0400	86.00	757,638	757,638	0.0400	303.06	217
15	Real estate - Library	214,995	214,995	0.0530	113.95	757,638	757,638	0.0550	416.70	303
16	Real estate - Soil Conserv	214,995	214,995	0.0150	32.25	757,638	757,638	0.0150	113.65	81
17	Real estate - Central Fire	214,995	214,995	0.1000	215.00	757,638	757,638	0.1000	757.64	543
18	Tangible - County	6,834,550	6,834,550	0.2040	13,942.48	7,231,664	7,231,664	0.2040	14,752.59	810
19	Tangible - School	6,834,550	6,834,550	0.4070	27,816.62	7,231,664	7,231,664	0.3930	28,420.44	604
20	Tangible - Health	6,834,550	6,834,550	0.0400	2,733.82	7,231,664	7,231,664	0.0400	2,892.67	159
21	Tangible - Library	6,834,550	6,834,550	0.0786	5,371.96	7,231,664	7,231,664	0.0893	6,457.88	1,086
22	Tangible - Central Fire D	1,545,655	1,545,655	0.1000	1,545.66	2,369,388	2,369,388	0.1000	2,369.39	824
23	Tangible - North Fire Dis	796,127	796,127	0.1000	796.13	845,747	845,747	0.1000	845.75	50
24	Tangible - South Fire Dis	1,414,482	1,414,482	0.1000	1,414.48	1,520,486	1,520,486	0.1000	1,520.49	106

**Pulaski County**

27	Real estate - County	3,611,162	3,611,162	0.0530	1,913.92	2,913,288	2,913,288	0.0530	1,544.04	(370)
28	Real estate - School	3,611,162	3,611,162	0.2197	7,932.28	2,913,288	2,913,288	0.1901	5,539.03	(2,393)
29	Real estate - Library	3,611,162	3,611,162	0.0610	2,202.81	2,913,288	2,913,288	0.0590	1,718.84	(484)
30	Real estate - Health	3,611,162	3,611,162	0.0200	722.23	2,913,288	2,913,288	0.0200	582.66	(140)
31	Real estate - Extension	3,611,162	3,611,162	0.0120	433.34	2,913,288	2,913,288	0.0120	349.59	(84)
32	Tangible - County	27,346,177	27,346,177	0.0530	14,493.47	29,187,711	29,187,711	0.0530	15,469.49	976
33	Tangible - School	27,346,177	27,346,177	0.3752	102,590.00	29,187,711	29,187,711	0.3672	107,181.36	4,591
34	Tangible - Library	27,346,177	27,346,177	0.0495	13,536.36	29,187,711	29,187,711	0.0590	17,220.75	3,684
35	Tangible - Health	27,346,177	27,346,177	0.0200	5,469.24	29,187,711	29,187,711	0.0200	5,837.54	368
36	Tangible - Extension	27,346,177	27,346,177	0.0120	3,281.54	29,187,711	29,187,711	0.0120	3,502.53	221
37	Tangible - Science Hill S	114,318	114,318	0.3460	395.54	118,902	118,902	0.4100	487.50	92

page Totals 208,129.08 222,018.72 13,889.64

Taxing District	<---- Tax Year 2004, Year Ending 12/31/03 ---->			<---- Tax Year 2005, Year Ending 12/31/04 ---->			Increase / Decrease in Taxes
	Reported Value	Certified Assessment	Tax Rate	Reported Value	Certified Assessment	Tax Rate	

**Rockcastle County**

10	Tangible - County	226,666	226,666	0.0820	185.87	239,366	239,366	0.0820	196.28	10
11	Tangible - School	226,666	226,666	0.4230	958.80	239,366	239,366	0.4290	1,026.88	68
12	Tangible - Health	226,666	226,666	0.0350	79.33	239,366	239,366	0.0350	83.78	4
13	Tangible - Library	226,666	226,666	0.0297	67.32	239,366	239,366	0.0334	79.95	13
14	Tangible - Extension	226,666	226,666	0.0358	81.15	239,366	239,366	0.0373	89.28	8

**Russell County**

17	Real estate - County	150,620	150,620	0.0670	100.92	380,022	380,022	0.0690	262.22	161
18	Real estate - School	150,620	150,620	0.4230	637.12	380,022	380,022	0.4330	1,645.50	1,008
19	Real estate - Health	150,620	150,620	0.0000	0.00	380,022	380,022	0.0300	114.01	114
20	Real estate - Library	150,620	150,620	0.0230	34.64	380,022	380,022	0.0240	91.21	57
21	Real estate - Hospital	150,620	150,620	0.0640	96.40	380,022	380,022	0.0670	254.61	158
22	Real estate - Extension	150,620	150,620	0.0170	25.61	380,022	380,022	0.0170	64.60	39
23	Real estate - Ambulance	150,620	150,620	0.0360	54.22	380,022	380,022	0.0380	144.41	90
24	Real estate - Soil Conserv	150,620	150,620	0.0090	13.56	380,022	380,022	0.0090	34.20	21
25	Tangible - County	9,639,751	9,639,751	0.0920	8,868.57	10,250,561	10,250,561	0.0920	9,430.52	562
26	Tangible - School	9,639,751	9,639,751	0.4370	42,125.71	10,250,561	10,250,561	0.4420	45,307.48	3,182
27	Tangible - Health	9,639,751	9,639,751	0.0300	2,891.93	10,250,561	10,250,561	0.0300	3,075.17	183
28	Tangible - Library	9,639,751	9,639,751	0.0306	2,949.76	10,250,561	10,250,561	0.0447	4,582.00	1,632
29	Tangible - Hospital	9,639,751	9,639,751	0.0920	8,868.57	10,250,561	10,250,561	0.0920	9,430.52	562
30	Tangible - Extension	9,639,751	9,639,751	0.0182	1,754.43	10,250,561	10,250,561	0.0255	2,613.89	859
31	Tangible - Ambulance	9,639,751	9,639,751	0.0500	4,819.88	10,250,561	10,250,561	0.0500	5,125.28	305

**Wynne County**

33	Real estate - County	236,418	236,418	0.0930	219.87	242,450	242,450	0.1000	242.45	23
34	Real estate - School	236,418	236,418	0.3940	931.49	242,450	242,450	0.3890	943.13	12
35	Real estate - Health	236,418	236,418	0.0300	70.93	242,450	242,450	0.0300	72.74	2
36	Real estate - Library	236,418	236,418	0.0405	95.75	242,450	242,450	0.0447	108.38	13
37	Real estate - Extension	236,418	236,418	0.0430	101.66	242,450	242,450	0.0470	113.95	12
38	Real estate - Soil Conserv	236,418	236,418	0.0150	35.46	242,450	242,450	0.0150	36.37	1
39	Tangible - County	11,725,461	11,725,461	0.1680	19,698.77	12,474,570	12,474,570	0.1883	23,489.62	3,791
40	Tangible - School	11,725,461	11,725,461	0.4020	47,136.35	12,474,570	12,474,570	0.4020	50,147.77	3,011
41	Tangible - Health	11,725,461	11,725,461	0.0300	3,517.64	12,474,570	12,474,570	0.0300	3,742.37	225
42	Tangible - Library	11,725,461	11,725,461	0.0691	8,102.29	12,474,570	12,474,570	0.0795	9,917.28	1,815
43	Tangible - Extension	11,725,461	11,725,461	0.0825	9,673.51	12,474,570	12,474,570	0.0940	11,726.10	2,053

page totals 164,197.50 184,191.92 19,994.43



Adjustment for Interest on Long Term Debt

The adjustment for interest on long-term debt results in an increase of \$209,567.

Interest on short term borrowings in the amount of \$2,962 has been removed.

This adjustment has been calculated by multiplying the test year end debt amounts by the interest rates in effect at the end of the test year for each loan.

RUS loans	3,313,182
CFC loans	<u>740,761</u>
Total annualized interest	4,053,943
Test year interest expense	<u>3,844,376</u>
Adjustment	<u><u>209,567</u></u>

South Kentucky Rural Electric  
Case No. 2005-00450  
Schedule of Outstanding Long-Term Debt  
August 31, 2005

Type of Debt Issued (a)	Date of Issue (b)	Date of Maturity (c)	Outstanding Amount (d)	Cost Rate to Maturity (g)	Annualized Cost Col.(d)x(g) (j)	Test Year Interest Cost
<b>RUS loans</b>						
0B210	Mar-72	Mar-2007	53,537	2.00%	1,071	1,422
1B220	Feb-74	Feb-2009	200,186	5.00%	10,009	11,280
1B230	May-75	Apr-2010	286,362	5.00%	14,318	15,698
1B240	Feb-77	Feb-2012	380,453	5.00%	19,023	15,438
1B250	Sep-77	Sep-2012	1,063,166	5.00%	53,158	56,258
1B260	Apr-79	Mar-2014	1,605,443	5.00%	80,272	83,967
1B270	Apr-82	Apr-2017	1,046,582	5.00%	52,329	53,982
1B280	Apr-84	Apr-2019	1,800,149	5.00%	90,007	92,301
1B290	Jul-86	Jun-2021	2,109,592	5.00%	105,480	107,636
1B300	Nov-89	Oct-2024	3,359,770	5.00%	167,989	170,575
1B310	Dec-91	Nov-2026	2,877,305	5.00%	143,865	145,744
1B320	Aug-93	Aug-2028	4,332,964	5.00%	216,648	219,140
1B330	Aug-97	Jul-2032	3,615,013	1.50%	54,225	55,051
1B335	Aug-97	Jul-2032	3,607,464	2.37%	85,497	86,813
1B340	Mar-2001	Feb-2036	5,836,728	5.78%	337,363	339,358
1B341	Mar-2001	Feb-2036	4,767,607	5.41%	257,928	259,561
1B342	Mar-2001	Feb-2036	4,713,935	3.45%	162,631	164,448
1B343	Mar-2001	Feb-2036	1,935,933	4.99%	96,603	97,273
1B344	Mar-2001	Feb-2036	2,234,052	5.47%	122,203	122,963
1B350	Jun-2002	May-2037	6,701,756	5.31%	355,863	357,976
1B351	Jun-2002	May-2037	5,914,954	5.44%	321,773	323,648
1B352	Jun-2002	May-2037	2,953,870	5.02%	148,284	149,221
1B353	Jun-2002	May-2037	8,266,725	5.04%	416,643	267,381
	Economic development		636,223	0.00%	0	0
	Advance payment		(317,078)			
			69,982,691		3,313,182	3,197,136
<b>CFC loans</b>						
9001	Jun-72	Jun-2007	27,229	7.00%	1,906	2,519
9003	Mar-74	Feb-2009	101,085	7.00%	7,076	8,145
9006	May-75	May-2010	159,616	5.50%	8,779	9,819
9009	Feb-77	Feb-2012	205,235	6.00%	12,314	10,903
9011	Oct-77	Sep-2012	558,596	5.70%	31,840	34,077
9013	Apr-79	Apr-2014	854,775	6.00%	51,287	54,078
9017	May-82	Apr-2017	558,067	6.15%	34,321	35,560
9018	Apr-84	Apr-2019	928,697	5.25%	48,757	43,414
9019	Jul-86	Jul-2021	981,224	5.25%	51,514	45,590
9020	Nov-89	Nov-2024	1,540,348	5.25%	80,868	71,124
9021	Dec-91	Dec-2026	1,250,103	5.25%	65,630	57,539
9022	Sep-93	Aug-2028	1,899,789	6.65%	126,336	100,718
9023	Aug-97	Aug-2032	3,285,561	6.70%	220,133	173,754
			12,350,325		740,761	647,240
Total long term debt and annualized cost			82,333,016		4,053,943	3,844,376
Annualized cost rate [Total Col. (j) / Total Col. (d)]					4.92%	
Actual test year cost rate [Total Col (k) / Total Reported in Col (d)]					4.67%	

South Kentucky Rural Electric  
 Case No. 2005-00450  
 Schedule of Short Term Debt  
 August 31, 2005

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Adjustment for Short Term Interest

This adjustment is to remove interest on short term borrowings. It is presumed that the short term borrowings will be repaid as a result of additional revenues generated from this Application.

Type of Debt Instrument (a)	Date of Issue (b)	Date of Maturity (c)	Amount Outstanding (d)	Interest Rate (e)	Annualized Cost (f)
CFC	21-Aug-2005	21-Feb-2006	802,692	5.45%	43,747
Annualized cst rate [Total col. (f) / Total col. (d)]					5.45%
Actual interest paid, or accrued on Short Term Debt during the Test Year					2,962

South Kentucky Rural Electric Cooperative  
Case No. 2005-00450  
August 31, 2005

**Financial Accounting Standard No. 106  
Employer's Accounting for Postretirement Benefits**

South Kentucky updated its study of SFAS No. 106. As a result, the annual accrual increased. Directors are not provided health insurance premiums when they retire, as a result, this study does not include amounts for Directors, or their spouses.

Proposed annual cost	510,000
Test year accrual	<u>472,800</u>
Proposed adjustment	<u><u>37,200</u></u>

The adjustment is allocated as follows:

	<u>Percent</u>	<u>Amount</u>
107 Capitalized	31.46%	11,703
163 - 416 Clearing and others	8.71%	3,240
580 Operations	14.01%	5,212
590 Maintenance	16.31%	6,067
901 Consumer accounts	15.22%	5,662
908 Customer service	4.66%	1,734
912 Sales	0.14%	52
920 Administrative and general	9.49%	3,530
	<u>100.00%</u>	<u>\$37,200</u>

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South Kentucky Rural Electric Cooperative  
Case No. 2005-00450  
August 31, 2005

**Financial Accounting Standard No. 106**  
**Employer's Accounting for Postretirement Benefits**

South Kentucky Rural Electric implemented Statement of Financial Accounting Standard No. 106 (SFAS 106) as of January 1, 1996.

The journal entry to record the expense for the initial year of 1994 is as follows:

	<u>Account</u>	<u>Debit</u>	<u>Credit</u>
Cumulative effect of change in			
accounting principle	435.10	2,998,671	
Accumulated provision for pensions			
and benefits	228.30		2,998,671

The updated study has been included with this response.

**W. DUDLEY SHRYOCK, CPA, PSC**  
CERTIFIED PUBLIC ACCOUNTANTS

Exhibit 6  
page 3 of 10

P.O. BOX 542  
145 COLLEGE STREET  
LAWRENCEBURG, KY 40342  
(502) 839-8112

MEMBER AICPA

MEMBER KY SOCIETY  
OF CPAs

November 21, 2005

Jeff Greer, Chief Financial Officer  
South Kentucky Rural Electric Cooperative  
925 North Main Street  
Somerset, Kentucky 42502

Dear Jeff:

Please find enclosed the actuarial valuation results I have received as of January 1, 2005 for Financial Accounting Standard No. 106, Employers' Accounting for Postretirement Benefits Other than Pensions.

The annual accrual should be \$510,000 starting when you receive this report.

The accrual for 2005 includes current service and interest costs and amortization of the actuarial gains and losses.

If you have any questions or would like to discuss these results, please give me a call.

Sincerely,

W. Dudley Shryock

South Kentucky Rural Electric Cooperative  
Medical Insurance Premiums

FAS 106 Expense as of January 1, 2005

FAS 106 Expense Components

1. Service cost	\$165,000
2. Interest cost	305,000
3. Expected return on assets	-
4. Amortization of transition obligation	-
5. Amortization of actuarial (gain) / loss	<u>40,000</u>
6. Total FAS 106 expense	<u>\$510,000</u>
7. Expected pay-as-you-go expense	<u>\$360,000</u>

South Kentucky Rural Electric Cooperative  
Medical Insurance Premiums

FAS 106 Obligation as of January 1, 2005

	<u>Total</u>
A. Accumulated Postretirement Benefit Obligations (APBO) as of January 1, 2005:	
1. Actives not yet eligible	\$1,325,000
2. Actives fully eligible	525,000
3. Retirees and dependents	<u>2,750,000</u>
4. Total APBO	4,600,000
B. Future accruals	<u>4,060,000</u>
C. Total Expected Postretirement Benefit Obligations (EPBO) (A4 + B)	<u>\$8,660,000</u>
D. Reconciliation of Funded Status	
1. Accrued Postretirement Benefit Cost	\$3,674,595
2. Assets	-
3. Funded Status = (D1 + D2)	<u>3,674,595</u>
4. Unrecognized Transition Obligation	-
5. Unrecognized (Gain) / Loss	925,405
6. Unrecognized Prior Service Cost	-
7. APBO (D3 + D4 + D5 + D6)	<u>\$4,600,000</u>

South Kentucky Rural Electric Cooperative  
Medical Insurance Premiums

FAS 106 Expense as of January 1, 2005

A.	Accrued Postretirement Benefit Cost	
1.	Balance January 1, 2005	3,674,595
2.	Accrual for 2005	472,800
3.	Payout for 2005	<u>(350,000)</u>
4.	Balance December 31, 2005	3,797,395
5.	Accrual for 2006	510,000
6.	Estimated payout for 2006	<u>(360,000)</u>
7.	Estimated balance December 31, 2006	<u>3,947,395</u>

South Kentucky Rural Electric Cooperative  
Medical Insurance Premiums

FAS 106 Expense as of January 1, 2005

A. Development of Actuarial (Gain)/Loss during 2003

1. Expected APBO as of December 31, 2004	\$3,674,595
2. Actual APBO as of January 1, 2005	<u>4,600,000</u>
3. Actuarial (gain)/loss as of January 1, 2005 = (2) - (1)	925,405
4. Unrecognized (gain)/loss as of December 31, 2004	<u>-</u>
5. Cumulative (gain)/loss = (3) + (4)	925,405
6. 10% corridor	<u>126,000</u>
7. (Gain)/Loss subject to amortization = (5) - (6)	799,405
8. Future working lifetime to expected retirement	<u>20</u>
9. Amortization of (gain)/loss = (7) / (8)	<u><u>\$39,970</u></u>

B. Amortization of Transition Obligation

1. Transition Obligation as of January 1, 1995	-
2. Number of years in amortization	<u>-</u>
3. Annual amortization	<u><u>-</u></u>

South Kentucky Rural Electric Cooperative  
Medical Insurance Premiums

FAS 106 Expense as of January 1, 2005

**Alternate assumptions:**

Impact on obligations and expense of a  
health care cost trend increase of 1%

	Current	Alternate	
	<u>Plan</u>	<u>Assumptions</u>	<u>% Change</u>
APBO	4,600,000	5,300,000	15.2%
EPBO	8,660,000	9,950,000	14.9%
FAS 106 Expense	510,000	590,000	15.7%

FAS 106 Assumptions

- Covered Groups** All eligible employees.
- Eligibility** Employees who have reached normal retirement, age 62.
- Spouse** South Kentucky Rural Electric pays family medical coverage for retirees and their dependents.
- Medicare** At age 65 retirees will commence with Medicare coverage.
- Contributions** South Kentucky Rural Electric has set a level at which it will make the monthly contributions. It is estimated that future increases will be shared equally between South Kentucky Rural Electric and the employees.
- Life Expectancies** Per annuity tables female employees can expect to live until age 78.2 and male employees can expect to live until age 73.8.
- Retirement, withdrawals and mortality** Estimate that employees will retire at age 62 and will be replaced in the normal course of business.
- Terminations** Rates vary by attained age for employees. Sample rates are as follows:

<u>Age</u>	<u>Rate</u>	<u>No. of Employees</u>
20	15%	13
30	7%	30
40	3%	65
50	1%	42
60	0%	9
		<hr style="width: 100%;"/>
		<u>159</u>

## South Kentucky Rural Electric Cooperative

### FAS 106 Assumptions

<b><u>Dependents and future retirees</u></b>	Presently 67% of retirees have dependent coverage.
<b><u>Discount rate</u></b>	6.50% per year.
<b><u>Medical inflation rate</u></b>	8.0% per year decreasing by 0.5% per year until 5.5% per year.
<b><u>Computations of policy premiums</u></b>	Monthly premiums the cooperative presently pay are as follows:
	Single \$363.85
	Employee, child \$532.36
	Employee, spouse \$644.04
	Family \$924.20

There are presently 159 employees, of which 132 have dependent coverage and 27 have single coverage. There are 112 male employees and 47 female employees.

**Eligibility classes** Based on the employees, retirees and those on disability as of January 1, 2005 are as follows:

	<u>Employees</u>
Actives not fully eligible	150
Actives fully eligible	9
Retirees and dependents	54
Employees on long term disability	<u>8</u>
Total	<u><u>221</u></u>

South Kentucky Rural Electric Cooperative  
Case No. 2005-00450

**Retirement and Security**  
August 31, 2005

South Kentucky provides pension benefits for substantially all employees through participation in the National Rural Electric Cooperative Association (NRECA) Retirement and Security (R & S) Program. It is the policy of South Kentucky to fund pension costs accrued. R & S contributions are based on base salary at a rate determined by NRECA.

The rate for 2005 was 17.54% of base wages. For the 2006, the rate is 18.75%. The adjustment is to normalize the R & S contributions using the rate for 2006 and normalized base wages for full-time salary and hourly employees. Employees that are Quasi retired have been removed from normalized wages.

Normalized base wages	
Salary employees	1,440,213
Hourly employees	<u>5,394,501</u>
	6,834,714
Less employees quasi retired as 282; 172; 110; 130; 150; 126; 146; 209; 218; 200; 185; 198; 142	<u>550,305</u>
Wages subject to retirement contribution	6,284,409
Contribution rate for 2006	<u>18.75%</u>
Proposed contribution cost	1,178,327
Test year R & S contributions	<u>977,228</u>
Proposed adjustment	<u><u>201,099</u></u>

The adjustment is allocated as follows:

<b>Adjustment:</b>	<u>Percent</u>	<u>Amount</u>
107 Capitalized	31.46%	63,266
163 - 416 Clearing and others	8.71%	17,516
580 Operations	14.01%	28,174
590 Maintenance	16.31%	32,799
901 Consumer accounts	15.22%	30,607
908 Customer service	4.66%	9,371
912 Sales	0.14%	282
920 Administrative and general	9.49%	19,084
	<u>100.00%</u>	<u>\$201,099</u>

## South Kentucky Rural Electric Cooperative

Case No. 2005-00450

Donations Account 426.00

August 31, 2005

<u>Date</u>	<u>Check Number</u>	<u>Payee</u>	<u>Amount</u>	<u>Description</u>
11/04-04	110872	Fellowship Christian Athlete	250.00	x Banquet
01/06-05	111885	Someset-Pulaski Chamber	375.00	x Annual Banquet
01/13-05	111995	KAEC	347.90	x Contribution
01/13-05	111998	Monticello-Wayne Chamber	300.00	x Chamber member dues
01/27-05	112266	McCreary Chamber	250.00	x Chamber member dues
02/10-05	112479	American Red Cross	1,000.00	x Donation
02/10-05	112513	Liberty Chamber	500.00	x Chamber member dues
02/10-05	112550	Pulaski Special Olympics	300.00	x Donation
02/17-05	112584	Wheldons Appliances	919.02	x Appliances donated
03/03-05	112811	American Cancer Society	5,000.00	x Corporate pledge
03/03-05	112852	Twins Baseball Boosters	500.00	x Donation
03/31-05	113310	Lake Cumb Dist Boy Scour	250.00	x Fundraiser
04/14-05	113507	United Way	5,000.00	x Corporate pledge
05/12-05	113942	KAEC	718.51	x Contribution
05/12-05	113978	Whitley City Elem	500.00	x Environmental Grant
05/12-05	113981	Meece Middle Sch	1,000.00	x Environmental Grant
05/12-05	114005	McCreary Co Little League	1,000.00	x Donation
05/12-05	114039	Pulaski Central School	500.00	x Environmental Grant
05/12-05	114040	Foothills Academy	500.00	x Environmental Grant
05/12-05	114053	Backwaters LLC	265.00	x Donation
05/19-05	114114	March of Dimes	250.00	x Walk a Thon
05/27-05	114199	Someset-Pulaski Chamber	600.00	x Chamber member dues
06/16-05	114520	United Way	280.00	x Golf Scramble sponsor
06/16-05	114577	Wayne Co Extension	2,669.00	x Appliances
08/11-05	115618	American Cancer Society	280.00	x Donation
08/25-05	115838	God's Food Pantry	400.00	x Donation
		Items less than \$250 individually	8,589.88	x
		Labor, benefits and transportation costs allocated	10,994.30	x
			<u>43,538.61</u>	
		Remove for rate making	<u>43,538.61</u>	

South Kentucky Rural Electric Cooperative  
Case No. 2005-00450

Account 426 - Other Income Deductions  
August 31, 2005

Line No. <hr/>	Item (a)	Amount (b)
1.	Donations	41,514
2.	Civic activities	2,025
3.	Political activities	
4.	Other	<hr/>
5.	Total	<hr/> <hr/> <u>43,539</u>

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South Kentucky Rural Electric Cooperative  
Case No. 2005-00450  
August 31, 2005

**Professional Services Expenses**

This adjustment is to remove items that are normally excluded for rate-making purposes. Among the expenses excluded are attorney health and dental insurances and gifts. Costs that are of a non-recurring nature have been removed for appraisals and for Human Development Company that has been discontinued. Costs for the Legislative Conference have also been removed.

The Board of Directors has a responsibility to select an attorney to represent the board and the cooperative to maintain the legal entity. The duties and responsibilities of the attorney are to perform routine services, special services and other services for the cooperative. The monthly retainer fee is \$1,000, plus mileage. Services are billed at the normal hourly billing rates for the attorney and his staff.

A copy of the audit agreement is attached.

ALAN M. ZUMSTEIN  
CERTIFIED PUBLIC ACCOUNTANT

Exhibit 9  
page 2 of 11

1032 CHETFORD DRIVE  
LEXINGTON, KENTUCKY 40509  
(859) 264-7147

MEMBER:  
AMERICAN INSTITUTE OF CPA'S  
INDIANA SOCIETY OF CPA'S  
KENTUCKY SOCIETY OF CPA'S  
AICPA DIVISION FOR FIRMS

August 15, 2005

Allen Anderson, General Manager & CEO  
South Kentucky Rural Electric  
Cooperative Corporation  
Somerset, Kentucky 42501

Dear Mr. Anderson:

This will confirm our understanding of the arrangements for my audit of the financial statements for the year ended August 31, 2005.

I will audit the Corporation's balance sheet as of August 31, 2005, and the related statements of revenue and patronage capital and cash flows for the year then ended.

The objective of the audit is the expression of an opinion about whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. My audit will be conducted in accordance with U.S. generally accepted auditing standards and will include test of your accounting records and other procedures I consider necessary to enable me to express such an opinion. If my opinion is other than unqualified, I will discuss the reasons with you in advance. If, for any reason, I am unable to complete the audit or are unable to forma or have not formed an opinion, I may decline to express an opinion or to issue a report as a result of this engagement.

My procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical evidence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected customers, creditors, and financial institutions. I will also request written representations from your attorney as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of my audit, I will require certain written representations from you about the financial statements and related matters.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, my audit will involve judgment about the number of transactions to be examined and the areas to be tested. Also, I will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (a) errors, (b) fraudulent reporting, (c) misappropriation of assets, or (d) violations of laws or governmental regulations that are attributable to the Cooperative or to acts by management or employees acting on behalf of the Cooperative.

Because an audit is designed to provide reasonable, but not absolute, assurance and because I will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by me. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, I will inform you of any material errors that come to my attention, and I will inform you of any fraudulent financial reporting or misappropriation of assets that comes to my attention. I will also inform you of any violations of laws or governmental regulations that come to my attention, unless clearly inconsequential. My responsibility as auditor is limited to the period covered by my audit and does not extend to any later periods for which I was not engaged as auditor.

My audit will include obtaining an understanding of internal control sufficient to plan the audit and to determine the nature, timing, and extent of audit procedures to be performed. An audit is not designed to provide assurance on internal control or to identify reportable conditions, that is, significant deficiencies in the design or operation of internal control. However, during the audit, if I become aware of such reportable conditions, I will communicate them to you.

You are responsible for establishing and maintaining internal controls, including monitoring ongoing activities; the selection and application of accounting principles; and for the fair presentation in the financial statements of financial position, results of operations and cash flows in conformity with U.S. generally accepted accounting principles. You are also responsible for management decisions and functions; for designating an individual with suitable skill, knowledge, or experience to oversee the tax services I provide; and for evaluating the adequacy and results of those services and accepting responsibility for them.

You are responsible for making all financial records and related information available to me and for the accuracy and completeness of that information. Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to me in the management representation letter that the effects of any uncorrected misstatements aggregated by me during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing me about all known or suspected fraud affecting the company involving (a) management, (b) employees who have significant roles in internal control, and (c) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing me of your knowledge of any allegations of fraud or suspected fraud affecting the company received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the Cooperative complies with applicable laws and regulations.

In accordance with the requirements of the Rural Utilities Service (RUS), I assure you of the following:

- The audit is being performed as a requirement of RUS security instrument and any violation of RUS audit requirements shall place the RUS borrower in technical default of the RUS security instrument.
- The Auditor's Report will be signed by Alan M. Zumstein, CPA, a certified public accountant in good professional standing with the state licensing board.

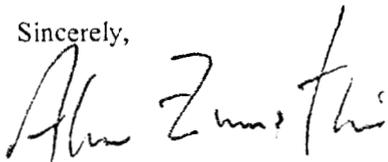
- I will comply with generally accepted government auditing standards, the rules and regulations of professional conduct promulgated by the accountancy board of the state of Kentucky and the Code of Professional Ethics of the American Institute of CPAs.
- I am independent as defined and interpreted by the Professional Ethics Division of the AICPA and as defined by 7 CFR 1773.4 (b).
- I belong to an approved peer review program (Private Companies Practice Section) and have received an unqualified opinion within three years of the "as of" date of the audit.
- The audit will be performed and the Auditor's Report, report on compliance, report on internal controls and management letter will be performed in accordance with requirements of RUS, will comply with generally accepted auditing standards and will be submitted to the Board of Directors within three months of the "as of" audit date.
- Audit work papers will be made available to RUS, Office of Inspector General (OIG) and the General Accounting Office (GAO). RUS, OIG or GAO may photocopy all audit and compliance workpapers as requested.
- I will disclose all disallowance's resulting from testing performed as set forth in 7 CFR 1773.40 and will follow the requirements of reporting irregularities and illegal acts outlined in 7 CFR 1773.7.
- I will report audit findings to the Board of Directors as required by 7 CFR 1773.25.

My audit is subject to the inherent risk that material errors and irregularities, including fraud or defalcations, if they exist, will not be detected. However, I will inform you of irregularities that come to my attention.

Fees for these services will be \$8,800 for South Kentucky Rural Electric Cooperative. South Kentucky Services Corporation will not require an audit for August 31, 2005. Invoices will be submitted as work progresses, and are payable on presentation. Should any situation arise that would materially increase this fee, I will, of course, notify you.

If this letter correctly expresses your understanding of these arrangements, please indicate your approval by signing the enclosed copy and returning to me. I have also included a Certification of Debarment and Suspension and my last peer review report and letter of comment, as required for audits of RUS borrowers.

Sincerely,



Alan M. Zumstein, CPA

Approved:

By:



Date:

9-8-05

South Kentucky Rural Electric Cooperative  
 Case No. 2005-00450  
 Professional Services Expenses  
 August 31, 2005

Line No.	Item (a)	Rate Case (b)	Annual Audit (c)	Other (d)	Total (e)
1.	Legal			54,791	54,791
2.	Engineering				0
3.	Accounting		8,800	4,088	12,888
4.	Other Safety			27,300	27,300
4.	Other - Economic Development			186,692	186,692
5.	Total		0	272,871	281,671

South Kentucky Rural Electric Cooperative  
 Case No. 2005- 00450  
 Professional Services Expenses  
 August 31, 2005

Exhibit 9  
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 Witness: Allen Anderson

	<u>Date</u>	<u>Check Number</u>	<u>Payee</u>	<u>Amount</u>	<u>Hours &amp; Bill Rate</u>	<u>Description</u>
9						<b>Legal</b>
10						
11	12/30-04	111844	American Express	100.00		x Christmas gift
12	11/30-04	111415	NRECA	575.00		Summer school registration
13	10/07-04	110266	Visa	332.10		Director retreat, lodging deposit
14	09/30-04	110160	NRECA	43.00		Subscription to Rural Electric magazine
15	09/08-05	116017	NRECA	43.00		Subscription to Rural Electric magazine
16	05/12-05	113968	American Express	485.29		NRECA legal seminar
17	04/14-05	113494	NRECA	725.00		NRECA Legal seminar, registration
18	03/03-05	112786	American Express	475.00		NRECA Annual meeting registration
19	01/07-05	111947	Visa	297.00		Director retreat, lodging
20						
21	12/02-04	111336	Delta Dental	33.30		x Attorney dental
22	11/04-04	110840	Delta Dental	33.30		x Attorney dental
23	10/07-04	110281	Delta Dental	33.30		x Attorney dental
24	09/02-04	109686	Delta Dental	33.30		x Attorney dental
25	08/04-05	115451	Delta Dental	37.96		x Attorney dental
26	07/01-05	114849	Delta Dental	37.96		x Attorney dental
27	06/02-05	114287	Delta Dental	37.96		x Attorney dental
28	05/05-05	113849	Delta Dental	37.96		x Attorney dental
29	04/07-05	113414	Delta Dental	37.96		x Attorney dental
30	03/03-05	112803	Delta Dental	37.96		x Attorney dental
31	02/03-05	112357	Delta Dental	37.96		x Attorney dental
32	01/06-05	111901	Delta Dental	37.96		x Attorney dental
33						
34	09/02-04	109669	NRECA	1.72		Business travel
35	08/05-05	115478	Hartford Ins Co	1.76		Business travel
36	07/01-05	114851	Hartford Ins Co	1.76		Business travel
37	06/16-05	114628	Hartford Ins Co	1.76		Business travel
38	05/05-05	113874	Hartford Ins Co	1.76		Business travel
39	04/14-05	113566	Hartford Ins Co	1.76		Business travel
40	03/03-05	112839	Hartford Ins Co	1.76		Business travel
41	02/04-05	112417	Hartford Ins Co	1.76		Business travel
42	02/04-05	112417	Hartford Ins Co	1.76		Business travel
43	02/04-05	112417	Hartford Ins Co	1.76		Business travel
44	02/04-05	112417	Hartford Ins Co	1.76		Business travel
45	02/04-05	112417	Hartford Ins Co	1.76		Business travel

South Kentucky Rural Electric Cooperative  
 Case No. 2005- 00450  
 Professional Services Expenses  
 August 31, 2005

Exhibit 9  
 page \_\_\_ of \_\_\_  
 Witness: Allen Anderson

Check Number	Date	Payee	Amount	Hours & Bill Rate	Description
111689	12/16-04	Cynthia Irvine	45.00	\$15	Attend/transcription Board meetings
111243	11/24-04	Cynthia Irvine	270.00	\$15	Attend/transcription Board meetings
110468	10/15-04	Cynthia Irvine	180.00	\$15	Attend/transcription Board meetings
109984	09/16-04	Cynthia Irvine	120.00	\$15	Attend/transcription Board meetings
115821	08/25-05	Cynthia Irvine	75.00	\$15	Attend/transcription Board meetings
115241	07/21-05	Cynthia Irvine	120.00	\$15	Attend/transcription Board meetings
114584	06/16-05	Cynthia Irvine	127.50	\$15	Attend/transcription Board meetings
114133	05/19-05	Cynthia Irvine	135.00	\$15	Attend/transcription Board meetings
113657	04/21-05	Cynthia Irvine	112.50	\$15	Attend/transcription Board meetings
113216	03/24-05	Cynthia Irvine	75.00	\$15	Attend/transcription Board meetings
112714	02/24-05	Cynthia Irvine	75.00	\$15	Attend/transcription Board meetings
112195	01/20-05	Cynthia Irvine	105.00	\$15	Attend/transcription Board meetings
111822	12/30-04	James Eastham	1,050.00	\$75 ea	Contract safety inspection of employees on job locations
111698	12/16-04	James Eastham	1,125.00	\$75 ea	" " " "
111349	12/02-04	James Eastham	825.00	\$75 ea	" " " "
111162	11/18-04	James Eastham	1,425.00	\$75 ea	" " " "
110854	11/04-04	James Eastham	900.00	\$75 ea	" " " "
110629	10/21-04	James Eastham	1,125.00	\$75 ea	" " " "
110302	10/07-04	James Eastham	1,350.00	\$75 ea	" " " "
110096	09/23-04	James Eastham	750.00	\$75 ea	" " " "
109875	09/09-04	James Eastham	1,275.00	\$75 ea	" " " "
115831	08/25-05	James Eastham	1,125.00	\$75 ea	" " " "
115638	08/11-05	James Eastham	1,275.00	\$75 ea	" " " "
115353	07/28-05	James Eastham	1,050.00	\$75 ea	" " " "
115136	07/14-05	James Eastham	1,050.00	\$75 ea	" " " "
114824	06/30-05	James Eastham	1,200.00	\$75 ea	" " " "
114604	06/16-05	James Eastham	1,350.00	\$75 ea	" " " "
114298	06/02-05	James Eastham	1,050.00	\$75 ea	" " " "
114141	05/19-05	James Eastham	1,200.00	\$75 ea	" " " "
113865	05/05-05	James Eastham	1,275.00	\$75 ea	" " " "
113661	04/21-05	James Eastham	1,275.00	\$75 ea	" " " "
113431	04/07-05	James Eastham	1,125.00	\$75 ea	" " " "
113228	03/24-05	James Eastham	1,050.00	\$75 ea	" " " "
112530	02/10-05	James Eastham	975.00	\$75 ea	" " " "
112293	01/27-05	James Eastham	1,275.00	\$75 ea	" " " "
112101	01/13-05	James Eastham	1,200.00	\$75 ea	" " " "
113771	04/28-05	Greenbaum, Doll & McDonald	2,686.32		Review employee handbook
114760	06/23-05	Greenbaum, Doll & McDonald	449.28		Updates to employee handbook

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South Kentucky Rural Electric Coopera  
Case No. 2005- 00450  
Professional Services Expenses  
August 31, 2005

Exhibit 9  
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Witness: Allen Anderson

Check Number	Date	Payee	Amount	Hours & Bill Rate	Description
110192	09/30-04	Childers Financial Service	8,250.00		x Appraisal of land and buildings
110509	10/15-04	Southeastern Appraisal Inc.	500.00		x Appraisal of land and buildings
114748	06/23-05	Employee Benefits & Financial S€	682.50		Compensation consultation
115642	08/11-05	Employee Benefits & Financial S€	5,425.73		Compensation consultation
110498	10/15-04	Human Development Co	444.60		x Employee mental assistance program
111570	12/09-04	Human Development Co	444.60		x Employee mental assistance program
112113	01/13-05	Human Development Co	444.60		x Employee mental assistance program
110015	09/16-04	Darrell Saunders, PSC	1,037.50		Monthly retainer, mileage
110513	10/15-04	Darrell Saunders, PSC	900.00		General matters
110513	10/15-04	Darrell Saunders, PSC	281.25		Hayes Lemmerz, Economic development loan
110513	10/15-04	Darrell Saunders, PSC	56.25		Murphy Forest, Economic development loan
110513	10/15-04	Darrell Saunders, PSC	262.50		Environmental surcharge
110513	10/15-04	Darrell Saunders, PSC	1,037.50		Monthly retainer, mileage
111179	11/19-04	Darrell Saunders, PSC	468.75		General matters
111179	11/19-04	Darrell Saunders, PSC	112.50		Hayes Lemmerz, Economic development loan
111179	11/19-04	Darrell Saunders, PSC	37.50		Tarter Gate, Economic development loan
111179	11/19-04	Darrell Saunders, PSC	1,097.50		Monthly retainer, mileage
111706	12/16-04	Darrell Saunders, PSC	425.00		General matters
111706	12/16-04	Darrell Saunders, PSC	543.75		Hayes Lemmerz, Economic development loan
111706	12/16-04	Darrell Saunders, PSC	150.00		Murphy Forest, Economic development loan
111706	12/16-04	Darrell Saunders, PSC	2,582.45		NRECA legal seminar
112224	01/20-05	Darrell Saunders, PSC	1,162.50		General matters
112224	01/20-05	Darrell Saunders, PSC	281.25		Hayes Lemmerz, Economic development loan
112224	01/20-05	Darrell Saunders, PSC	37.50		Karen Southwood
112224	01/20-05	Darrell Saunders, PSC	37.50		Environmental surcharge
112224	01/20-05	Darrell Saunders, PSC	206.25		Environmental surcharge
112645	02/17-05	Darrell Saunders, PSC	1,040.50		Monthly retainer, mileage
112645	02/17-05	Darrell Saunders, PSC	318.75		General matters
112645	02/17-05	Darrell Saunders, PSC	180.00		Hayes Lemmerz, Economic development loan
112645	02/17-05	Darrell Saunders, PSC	157.50		Murphy Forest, Economic development loan
112645	02/17-05	Darrell Saunders, PSC	168.75		Tarter Gate, Economic development loan
112645	02/17-05	Darrell Saunders, PSC	1,040.50		Monthly retainer, mileage
113242	03/24-05	Darrell Saunders, PSC	56.25		General matters
113242	03/24-05	Darrell Saunders, PSC	75.00		Hayes Lemmerz, Economic development loan
113242	03/24-05	Darrell Saunders, PSC	112.50		Murphy Forest, Economic development loan
113242	03/24-05	Darrell Saunders, PSC	93.75		Shannon Atkinson
113242	03/24-05	Darrell Saunders, PSC	2,959.31		NRECA annual meeting

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South Kentucky Rural Electric Cooperative  
 Case No. 2005- 00450  
 Professional Services Expenses  
 August 31, 2005

Exhibit 9  
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 Witness: Allen Anderson

	<u>Date</u>	<u>Check Number</u>	<u>Payee</u>	<u>Amount</u>	<u>Hours &amp; Bill Rate</u>	<u>Description</u>
128	04/21-05	113673	Darrell Saunders, PSC	787.50		General matters
129	04/21-05	113673	Darrell Saunders, PSC	18.75		Estill Howell
130	04/21-05	113673	Darrell Saunders, PSC	75.00		Hayes Lemmerz, Economic development loan
131	04/21-05	113673	Darrell Saunders, PSC	131.25		Murphy Forest, Economic development loan
132	04/21-05	113673	Darrell Saunders, PSC	1,040.50		Monthly retainer, mileage
133	05/19-05	114148	Darrell Saunders, PSC	675.00		General matters
134	05/19-05	114148	Darrell Saunders, PSC	18.75		Murphy Forest, Economic development loan
135	05/19-05	114148	Darrell Saunders, PSC	150.00		Tarter Gate, Economic development loan
136	05/19-05	114148	Darrell Saunders, PSC	37.50		Shannon Atkinson
137	05/19-05	114148	Darrell Saunders, PSC	356.25		Russell Senior Citizens
138	05/19-05	114148	Darrell Saunders, PSC	1,081.00		Monthly retainer, mileage
139	06/16-05	114651	Darrell Saunders, PSC	843.75		General matters
140	06/16-05	114651	Darrell Saunders, PSC	56.25		Hayes Lemmerz, Economic development loan
141	06/16-05	114651	Darrell Saunders, PSC	75.00		Karen Southwood
142	06/16-05	114651	Darrell Saunders, PSC	262.50		Murphy Forest, Economic development loan
143	06/16-05	114651	Darrell Saunders, PSC	262.50		Tarter Gate, Economic development loan
144	06/16-05	114651	Darrell Saunders, PSC	1,040.50		Monthly retainer, mileage
145	07/21-05	115270	Darrell Saunders, PSC	93.75		General matters
146	07/21-05	115270	Darrell Saunders, PSC	37.50		Hayes Lemmerz, Economic development loan
147	07/21-05	115270	Darrell Saunders, PSC	468.75		Tarter Gate, Economic development loan
148	07/21-05	115270	Darrell Saunders, PSC	18.75		Karen Southwood
149	07/21-05	115270	Darrell Saunders, PSC	1,162.00		Monthly retainer, mileage
150	08/18-05	115763	Darrell Saunders, PSC	1,800.00		General matters
151	08/18-05	115763	Darrell Saunders, PSC	18.75		Tarter Gate, Economic development loan
152	08/18-05	115763	Darrell Saunders, PSC	2,439.84		NRECA seminar
153	09/22-05	116327	Darrell Saunders, PSC	468.75		General matters
154	09/22-05	116327	Darrell Saunders, PSC	37.50		Murphy Forest, Economic development loan
155	09/22-05	116327	Darrell Saunders, PSC	37.50		Tarter Gate, Economic development loan
156	09/22-05	116327	Darrell Saunders, PSC	75.00		Hayes Lemmerz, Economic development loan
157						
158						
159						
160	11/04-04	110874	James R Adkins	1,387.50	\$75	Financial forecast
161	07/21-05	115271	James R Adkins	2,700.00	\$75	Financial forecast
162						
163	12/16-04	117771	Alan Zumstein, CPA	8,800.00		Annual audit
164						

**Accounting and Financial**

South Kentucky Rural Electric Cooperative  
 Case No. 2005- 00450  
 Professional Services Expenses  
 August 31, 2005

Exhibit 9  
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 Witness: Allen Anderson

	<u>Date</u>	<u>Check Number</u>	<u>Payee</u>	<u>Amount</u>	<u>Hours &amp; Bill Rate</u>	<u>Description</u>
	<b>Economic Development</b>					
165	09/09-04	109870	Garland & Associates Inc	568.16		Foothills Academy
166	09/23-04	110093	Garland & Associates Inc	1,424.38		August expenses
167	09/30-04	Wire	Garland & Associates Inc	13,000.00		Contract services
168	10/07-04	110300	Garland & Associates Inc	1,000.00		Southern Develop Assoc
169	10/21-04	110628	Garland & Associates Inc	3,169.40		Business/Industry dinner
170	10/21-04	110628	Garland & Associates Inc	500.00		Bluestone Financial
171	10/31-04	Wire	Garland & Associates Inc	13,000.00		Contract services
172	11/04-04	110851	Garland & Associates Inc	2,574.19		September expenses
173	11/11-04	111050	Garland & Associates Inc	1,650.00		McCreary Chamber
174	11/30-04	Wire	Garland & Associates Inc	13,000.00		Contract services
175	12/02-04	111347	Garland & Associates Inc	555.47		October expenses
176	12/21-04	111764	Garland & Associates Inc	500.00		Grant writing services
177	12/31-04	Wire	Garland & Associates Inc	13,000.00		Contract services
178	01/06-05	111919	Garland & Associates Inc	1,493.61		December expenses
179	01/31-05	Wire	Garland & Associates Inc	13,000.00		Contract services
180	02/10-05	112523	Garland & Associates Inc	1,406.60		January expenses
181	02/28-05	Wire	Garland & Associates Inc	14,072.50		Contract services
182	03/03-05	112819	Garland & Associates Inc	1,568.96		February expenses
183	03/31-05	Wire	Garland & Associates Inc	13,715.00		Contract services
184	04/14-05	113547	Garland & Associates Inc	3,046.79		March expenses
185	04/28-05	113757	Garland & Associates Inc	1,000.00		Russell Chamber banquet
186	04/28-05	113757	Garland & Associates Inc	250.00		Russell fishing tournament
187	04/30-05	Wire	Garland & Associates Inc	13,715.00		Contract services
188	04/30-05	114220	Garland & Associates Inc	(10,000.00)		Special Development Foundation
189	05/27-05	114220	Garland & Associates Inc	5,000.00		Ronald W. Roy
190	05/27-05	114220	Garland & Associates Inc	635.37		April expenses
191	05/27-05	114220	Garland & Associates Inc	300.00		Casey Co Leadership donation
192	05/27-05	Wire	Garland & Associates Inc	13,715.00		Contract services
193	05/31-05	114738	Garland & Associates Inc	224.50		Grant writing - Penny Young
194	06/23-05	Wire	Garland & Associates Inc	13,715.00		Contract services
195	06/30-05	115249	Garland & Associates Inc	1,833.61		May & June expenses
196	07/21-05	Wire	Garland & Associates Inc	13,715.00		Contract services
197	07/31-05	115466	Garland & Associates Inc	4,000.00		Environmental assessment
198	08/04-05	115746	Garland & Associates Inc	612.50		July expenses
199	08/18-05	115746	Garland & Associates Inc	1,500.00		Mayes, Sudderth & Etheredge
200	08/18-05	Wire	Garland & Associates Inc	13,715.00		Contract services
201	08/31-05					
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South Kentucky Rural Electric Cooperative  
 Case No. 2005- 00450  
 Professional Services Expenses  
 August 31, 2005

Exhibit 9  
 page \_\_\_ of \_\_\_  
 Witness: Allen Anderson

	<u>Date</u>	<u>Check Number</u>	<u>Payee</u>	<u>Amount</u>	<u>Hours &amp; Bill Rate</u>	<u>Description</u>
204	09/03-04	110166	American Express	15.19		Garland & Assoc meal
205	11/04-04	110823	Petty Cash - Whitley City	10.60		Garland & Assoc meal
206	12/30-04	111844	American Express	11.33		Garland & Assoc meal
207	12/30-04	111844	American Express	25.00		x Garland & Assoc Christmas gift
208	03/03-05	112786	American Express	7.01		Garland & Assoc meal
209	03/31-05	113290	American Express	284.10		x Garland & Assoc Legislative Conference
210	06/08-05	114371	American Express	119.90		x Garland & Assoc Legislative Conference
211	07/14-05	115026	KAEC	35.00		x Garland & Assoc Legislative Conference
212	08/11-05	115585	American Express	8.46		Garland & Assoc meal
213						
214						
215				<u>281,671.46</u>		
216						
217						
218						
219				<u>11,084.68</u>		x
220						

Remove for rate making purposes

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5 South Kentucky Rural Electric Cooperative  
6 Case No. 2005-00450  
7 Name of Board Members  
8 August 31, 2005  
9

10	<u>Name and Address</u>	<u>Board</u>	<u>Associated Organizations</u>
11		<u>Title</u>	
12			
13	Ricahrd Stephens	Chairman	East Kentucky Power Coop
14	P.O. Box 518		Board Member
15	Whitley City, KY 42653		
16			
17	Charles Gore	Vice Chairman	KAEC & UUS
18	P.O. Box 87		Board Member
19	Russell Springs, KY 42642		
20			
21	Tom Estes	Secretary/	
22	165 Twin Oakes Rd	Treasurer	
23	Kings Mountain, KY 40442		
24			
25	Glen Massengale		NRECA
26	Rt 3, Box 299		Board Member
27	Monticello, KY 42633		
28			
29	John Pruitt		
30	2338 Oak Hill Rd		
31	Somerset, KY 42503		
32			
33	Jerry Purcell		
34	2425 Campground Rd		
35	Somerset, KY 42503		
36			
37	William J. Shearer		
38	106 Cumberland Street		
39	Albany, KY 42602		
40			

41 Directors are compensated at \$1,000 per month, no matter the number of board  
42 meetings attended during the month. Directors are reimbursed for all actual  
43 expenses incurred for meetings attended on behalf of the cooperative.  
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APPROVED: 5-13-04  
REVISED: \_\_\_\_\_

South Kentucky Rural ELECTRIC COOPERATIVE CORPORATION  
BOARD POLICY "D"  
DIRECTOR FEES & EXPENSES

I OBJECTIVE

To define the terms and conditions whereby directors will be provided with a fixed fee and directly incurred travel expenses for attendance at board and committee meetings and for performing other official duties as approved by the board.

II Policy

- A. Directors of South Kentucky Rural Electric Cooperative Corporation are not salaried employees of the cooperative. However (consistent with any special requirements in your bylaws or enabling act), directors will be provided a fixed fee and insurance for attendance at board and other official meetings and for performing other duties approved by the board. Directors also shall be reimbursed for expenses actually, necessarily and reasonably incurred in performance of their duties, including approved attendance at official meetings and training programs.
- B. The fee shall consists of the following:
1. A fixed amount, which shall be same for all board members, paid directly to the board member, plus
  2. An amount equal to one twelfth (1/12) of the annual payments of insurance premiums made on the director's behalf by the cooperative, but only if such payments would constitute income to a director, properly reportable as such by the cooperative on the IRS Form 1099 annually issued by it with respect to the director. Payment of this amount shall be made directly to the insurers.
- C. Directors shall be reimbursed for all reasonable and legitimate expenses for attendance at such meetings upon submission of a detailed expense account, with receipts attached as appropriate. Travel shall be reimbursed on the following basis:
1. If commercial air travel is available, then regardless of the method of travel used, reimbursement shall be for the expenses actually incurred, but shall not exceed round trip airfare by the most economical means. All air travel arrangements will be made through the office of the general manager/chief executive.

2. First-class air travel shall not be approved for payment.
  3. If a director elects to travel by personal automobile, mileage reimbursement shall be at the current rate established by the Internal Revenue Service and shall not exceed the cost of round trip airfare by the most economical means. Directors are encouraged to pool vehicles whenever possible. If two board members travel together, mileage expense shall be paid to only one board member.
  4. Travel shall be reimbursed only to places authorized by the board.
- D. Any director authorized by the Board of Directors to attend a conference or training program will be paid meeting attendance fees, travel and reasonable out-of-pocket expenses. All arrangements shall be made through the office of the Chief Executive. The cooperative shall pay registration fees.
- E. The board shall periodically review this policy on Director Fees and the fee approved for meeting attendance. The fee will be compared with information to be gathered by the Chief Executive from other electric cooperatives regarding their meeting attendance fees. A schedule of fees and expenses approved by the board shall be placed in the Appendix to these board policies with the date of approval. As fees and expenses change from time to time, the schedule will be replaced and the changes shall be set forth on the schedule which shall replace the next preceding schedule of fees and expenses in the appendix to these board policies.
- F. The board shall formally review the total amount of fees and reimbursed travel expenses paid to all directors on an annual basis and be prepared to explain director fees and expenses to members seeking information.
- G. The Secretary of the Board shall review and approve all director expenses with receipts. The President and Vice President shall review the expenses of the Secretary.

### III Responsibility

- A. It shall be the responsibility of the board President to ensure that the provisions of this policy are carried out.
- B. It shall be the responsibility of the Chief Executive to provide regional or national director fee data to the board on periodic basis.
- C. A summary of the meeting attendance fees and other expenses of directors is to be itemized and published annually and presented to the board for its review.

South Kentucky Rural Electric Cooperative  
Case No. 2005-00450  
**Adjustment for Director expenses**  
August 31, 2005

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Certain expense are generally disallowed for rate making purposes that are incurred for, and on behalf, of the Directors of a cooperative. South Kentucky has made this adjustment to recognize those expenses. The list includes:

Legislative conference	
Richard Stephens	475
Tom Estes	475
William Shearer	475
Health and dental insurance	
All Directors	74,386
Christmas gifts	
All Directors	291
Rural Electric magazine subscription, for 2004. The timing of the payments resulted in the test year recording two (2) years payments.	301
Payment for retired Director, Carthel Brashear, attending KAEC annual meeting.	<u>370</u>
Total adjustment	<u><u>76,773</u></u>

South Kentucky Rural Electric Cooperative  
Case No. 2005-00450  
Director Fees and Expenses  
August 31, 2005

	Regular Board Mtg	Other Board Mtg	Per Diem	Mileage	Air Fare	Meeting Fees	Hotel	Meals	Health Insurance	Internet & Telephone	Misc Expenses Include	Misc Expenses Exclude	Total
Stephens, Richard	15,000	0	0	387	676	1,050	1,109	717	0	206	0	447	19,593
Gore, Charles	12,000	0	0	1,632	762	875	2,945	1,315	0	885	0	0	20,414
Estes, Tom	12,000	0	0	661	608	775	1,713	985	0	617	0	475	17,834
Massengale, Glen	12,000	0	0	1,848	701	575	3,521	1,861	0	677	0	0	21,184
Pruitt, John	12,000	0	0	582	0	0	0	77	0	0	0	0	12,658
Purcell, Jerry	12,000	0	0	266	0	300	96	35	0	0	0	0	12,697
Shearer, William	12,000	0	0	1,175	230	475	1,608	1,054	0	839	0	475	17,855
General expenses	0	0	0	0	0	0	2,405	0	74,386	0	19,465	962	97,218
<b>Total</b>	<b>87,000</b>	<b>0</b>	<b>0</b>	<b>6,551</b>	<b>2,978</b>	<b>4,050</b>	<b>13,396</b>	<b>6,043</b>	<b>74,386</b>	<b>3,224</b>	<b>19,465</b>	<b>2,359</b>	<b>219,452</b>

South Kentucky Rural Electric Cooperative  
Case No. 2005-00450  
Richard Stephens  
August 31, 2005

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Date	Check Number	Payee	Explanation	Regular Bd Mtg	Mileage	Air Fare	Meeting Fees	Hotel	Meals	Internet & Telephone	Misc Expense		Total
											Include	Exclude	
09/16-04	109949			1,250.00	26.25					41.26			1,317.51
10/15-04	110386			1,250.00	26.25					41.26			1,317.51
10/15-04	110386		EKPC reimbursement		(150.00)								(150.00)
11/19-04	111173			1,250.00	26.25					41.26			1,317.51
11/19-04	111173		NRECA Director conference		93.75	307.90							401.65
11/30-04	111415	American Exp	NRECA Director conference	1,250.00	26.25		575.00			41.26			575.00
12/21-04	111739				26.25			285.35					1,317.51
12/21-04	111739				26.25			75.21					411.60
12/30-04	111844	American Exp	NRECA Director conference						100.00				217.24
01/20-05	112175			1,250.00	28.35				142.03	41.26			1,319.61
02/17-05	112581	American Exp	NRECA Annual meeting	1,250.00	28.35		475.00						1,278.35
03/03-05	112786			1,250.00	28.35								475.00
03/24-05	113192		NRECA annual meeting, personal ticket								(28.00)		(28.00)
03/24-05	113192			1,250.00	28.35								1,278.35
04/21-05	113622			1,250.00	28.35								1,278.35
05/12-05	113968		Board retreat					107.00					107.00
05/19-05	114104			1,250.00	28.35								1,278.35
06/08-05	114371	American Exp	Legislative conference									475.00	475.00
06/16-05	114493			1,250.00	28.35								1,278.35
07/21-05	115223			1,250.00	28.35								1,278.35
07/21-05	115223		Coop annual meeting										28.35
07/21-05	115223		Elect officers										28.35
07/21-05	115223		Bid opening										28.35
08/18-05	115726			1,250.00	28.35	368.29							1,278.35
08/18-05	115726		Board retreat					641.76	475.00				1,485.05
				15,000.00	386.85	676.19	1,050.00	1,109.32	717.03	206.30	0.00	447.00	19,592.69

South Kentucky Rural Electric Cooperative  
 Case No. 2005-00450  
 Charles Gore  
 August 31, 2005

Check Number	Date	Payee	Explanation	Regular Bd Mtg	Mileage	Air Fare	Meeting Fees	Hotel	Meals	Internet & Telephone	Misc Expense Include	Misc Expense Exclude	Total
111990	01/13-05	Duo County RT(Internet								21.95			21.95
112339	02/03-05	Duo County RT(Internet								21.95			21.95
112768	03/03-05	Duo County RT(Internet								21.95			21.95
113377	04/07-05	Duo County RT(Internet								21.95			21.95
113939	05/12-05	Duo County RT(Internet								21.95			21.95
114476	06/16-05	Duo County RT(Internet								21.95			21.95
115021	07/14-05	Duo County RT(Internet								21.95			21.95
115553	08/11-05	Duo County RT(Internet								21.95			21.95
109796	09/09-04	Duo County RT(Internet								21.95			21.95
116010	09/08-05	Duo County RT(Internet								21.95			21.95
110262	10/07-04	Duo County RT(Internet								21.95			21.95
110819	11/04-04	Duo County RT(Internet								21.95			21.95
111481	12/09-04	Duo County RT(Internet								21.95			21.95
109942	09/16-04		KAEC board meeting	1,000.00	26.25			104.83	50.00	49.95			1,076.20
110372	10/15-04			1,000.00	26.25					49.95			1,076.20
111170	11/19-04			1,000.00	26.25					49.95			1,076.20
111170	11/19-04		KAEC board meeting				575.00						575.00
111415	11/30-04	American Exp	NRECA Director conference							49.95			49.95
111650	12/16-04			1,000.00	26.25			104.83	50.00				1,076.20
111650	12/16-04		KAEC board meeting		90.00								90.00
111650	12/16-04		NRECA Director conference		112.50	335.20		277.83	125.00				850.53
111844	12/30-04	American Exp	NRECA Director conference						130.30				130.30
112170	01/20-05			1,000.00	28.35			191.44	75.00	49.95			1,078.30
112170	01/20-05		KAEC Director class		97.20					49.95			363.64
112575	02/17-05			1,000.00	28.35					49.95			1,078.30
112770	03/03-05	KAEC	Director Training				300.00		35.00				335.00
113183	03/24-05			1,000.00	28.35					49.95			1,078.30
113183	03/24-05		KAEC board meeting		97.20			108.25					205.45
113183	03/24-05		NRECA annual meeting		176.50	229.90		825.59	375.00				1,606.99
113613	04/21-05			1,000.00	28.35					49.95			1,078.30
114098	05/19-05			1,000.00	28.35					49.95			1,078.30
114478	06/16-05			1,000.00	28.35					49.95			1,049.95
115217	07/21-05		Coop annual meeting		28.35					49.95			1,078.30
115217	07/21-05		Elect officers		28.35					49.95			28.35
115217	07/21-05		KAEC board meeting		28.35			225.45					28.35
115721	08/18-05			1,000.00	28.35					49.95			225.45
115721	08/18-05		KAEC board meeting		97.20			109.20	50.00				1,078.30
115721	08/18-05		CFC Financial Forum		163.88	197.20		997.12	375.00				2,566.99
115970	09/02-05	American Exp	Board retreat		347.26								347.26
				12,000.00	1,631.89	762.30	875.00	2,944.54	1,315.30	884.75	0.00	0.00	20,413.19

South Kentucky Rural Electric Cooperative  
Case No. 2005-00450  
Tom Estes  
August 31, 2005

Check Number	Date	Paysee	Explanation	Regular Bd/Mtg	Mileage	Air Fare	Meeting Fees	Hotel	Meals	Internet & Telephone	Misc Expense Include	Misc Expense Exclude	Total
110457	09/16-04			1,000.00	19.50								1,019.50
110457	10/15-04			1,000.00	19.50					21.95			1,019.50
111176	11/19-04		Board retreat	1,000.00	19.50								1,041.45
111176	11/19-04				141.00								141.00
111684	12/16-04			1,000.00	19.50								1,019.50
112190	01/20-05			1,000.00	21.06								1,021.06
112190	01/20-05		KAEC director training	1,000.00	88.10			84.00	100.00				1,272.10
112612	02/17-05				21.06								1,021.06
112770	03/03-05	KAEC	Director Training				300.00						335.00
112786	03/03-05	American Exp	NRECA Annual meeting	1,000.00	21.06		475.00						1,428.45
113209	03/24-05			1,000.00		229.90		823.55	375.00				1,021.06
113209	03/24-05		NRECA annual meeting		21.06								1,021.06
113649	04/21-05			1,000.00		378.29		140.00			475.00		518.29
114371	05/12-05	American Exp	Board retreat										475.00
114371	06/08-05	American Exp	Legislative conference	1,000.00	21.06								1,021.06
115237	07/21-05			1,000.00	21.06								1,021.06
115237	07/21-05		Coop annual meeting		21.06								21.06
115237	07/21-05		Elect officers		21.06								21.06
115237	07/21-05		Bid opening		21.06								21.06
115237	07/21-05			1,000.00									1,021.06
115738	08/18-05		Director retreat		121.50				475.00				596.50
115738	08/18-05		Board retreat					665.00					665.00
115970	09/02-05	American Exp	Internet							21.95			21.95
110187	09/30-04	Earthlink, Inc.	Internet							21.95			21.95
110632	10/21-04	Earthlink, Inc.	Internet							21.95			21.95
111700	12/16-04	Earthlink, Inc.	Internet							21.95			21.95
112208	01/20-05	Earthlink, Inc.	Internet							21.95			21.95
112727	02/24-05	Earthlink, Inc.	Internet							21.95			21.95
113231	03/24-05	Earthlink, Inc.	Internet							21.95			21.95
113662	04/21-05	Earthlink, Inc.	Internet							21.95			21.95
114225	05/27-05	Earthlink, Inc.	Internet							21.95			21.95
114750	06/23-05	Earthlink, Inc.	Internet							21.95			21.95
115256	07/21-05	Earthlink, Inc.	Internet							21.95			21.95
115836	08/25-05	Earthlink, Inc.	Internet							21.95			21.95
110489	10/15-04	Alitel	Telephone							29.27			29.27
110855	11/04-04	Alitel	Telephone							29.27			29.27
111350	12/02-04	Alitel	Telephone							30.11			30.11
111921	01/06-05	Alitel	Telephone							29.27			29.27
112380	02/03-05	Alitel	Telephone							29.40			29.40
112826	03/03-05	Alitel	Telephone							29.40			29.40
113432	04/07-05	Alitel	Telephone							29.40			29.40
113867	05/05-05	Alitel	Telephone							29.40			29.40
114607	06/16-05	Alitel	Telephone							29.43			29.43
114922	07/07-05	Alitel	Telephone							29.43			29.43
115641	08/11-05	Alitel	Telephone							29.36			29.36
116111	09/08-05	Alitel	Telephone							29.36			29.36
				12,000.00	561.26	608.19	775.00	1,172.55	985.00	616.53	0.00	475.00	17,833.53

South Kentucky Rural Electric Coopera  
Case No. 2005-00450  
Glen Massengale  
August 31, 2005

Date	Check Number	Payee	Explanation	Regular Bd Mtg	Mileage	Air Fare	Meeting Fees	Hotel	Meals	Internet & Telephone	Misc Expense		Total
											Include	Exclude	
09/16-04	109964			1,000.00	24.30								1,024.30
09/16-04	109964		KAEC Summer meeting		208.13			186.99	225.00				620.12
10/15-04	110375	KAEC	KAEC Summer meeting						28.75				28.75
10/15-04	110419			1,000.00	22.50								1,022.50
10/15-04	110419		Business & Industry meeting		30.00								30.00
11/19-04	111175			1,000.00	22.50								1,022.50
11/19-04	111175		NRECA Director training		546.01			201.79	275.00				1,022.80
11/30-04	111415	American Exp	NRECA Director training			301.14	575.00	227.81					1,103.95
12/16-04	111668			1,000.00	22.50								1,022.50
12/16-04	111668		NRECA Director training		114.39				275.00				389.39
12/16-04	111668		KAEC annual meeting		120.00				75.00				195.00
12/30-04	111844	American Exp	NRECA Director training					423.08	130.30				553.38
01/13-05	111995	KAEC	KAEC annual meeting						76.50				76.50
01/20-05	112184			1,000.00	24.30								1,024.30
01/20-05	112184		KAEC annual meeting					298.25					298.25
02/17-05	112596			1,000.00	24.30								1,024.30
02/17-05	112596		Energy Mgt conference		128.79				25.00				153.79
03/24-05	113200			1,000.00	24.30								1,024.30
03/24-05	113200		NRECA annual meeting		62.78	172.90		1,046.86	375.00				1,657.54
04/21-05	113633			1,000.00	24.30								1,024.30
05/19-05	114116			1,000.00	24.30								1,024.30
06/16-05	114528			1,000.00	24.30								1,024.30
07/15-05	115022	EKPC	EKPC annual meeting					208.70					208.70
07/21-05	115228			1,000.00	24.30								1,024.30
07/21-05	115228		EKPC annual meeting		104.89				50.00				154.89
07/21-05	115228		Coop annual meeting		24.30								24.30
07/21-05	115228		Elect officers		24.30								24.30
08/18-05	115730			1,000.00	24.30								1,024.30
08/18-05	115730		CFC Financial Forum		198.63	226.90		927.79	325.00				1,678.32
09/09-04	109861	Netpower	Internet							23.50			23.50
10/15-04	110472	Netpower	Internet							23.50			23.50
11/11-04	111041	Netpower	Internet							23.50			23.50
12/09-04	111545	Netpower	Internet							23.50			23.50
01/13-05	112090	Netpower	Internet							23.50			23.50
02/10-05	112518	Netpower	Internet							23.50			23.50
03/10-05	113003	Netpower	Internet							23.50			23.50
04/14-05	113540	Netpower	Internet							23.50			23.50
05/12-05	114003	Netpower	Internet							23.50			23.50
06/16-05	114590	Netpower	Internet							23.50			23.50
07/14-05	115122	Netpower	Internet							23.50			23.50
08/11-05	115623	Netpower	Internet							23.50			23.50
02/03-05	112380	Alltel	Telephone							32.75			32.75
03/03-05	112826	Alltel	Telephone							32.75			32.75
04/07-05	113432	Alltel	Telephone							32.75			32.75
05/05-05	113867	Alltel	Telephone							33.43			33.43
06/16-05	114607	Alltel	Telephone							33.43			33.43
07/07-05	114922	Alltel	Telephone							33.43			33.43
07/28-05	115354	Alltel	Telephone							33.56			33.56
08/25-05	115833	Alltel	Telephone							33.31			33.31
09/30-04	110185	Alltel	Telephone							33.31			33.31
11/04-04	110855	Alltel	Telephone							32.52			32.52
12/02-04	111350	Alltel	Telephone							32.52			32.52
01/06-05	111921	Alltel	Telephone							32.52			32.52
				12,000.00	1,848.42	700.94	575.00	3,521.27	1,860.55	677.37	0.00	0.00	21,183.55

South Kentucky Rural Electric Cooperative  
 Case No. 2005-00450  
 John Pruitt  
 August 31, 2005

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Date	Check Number	Payee	Explanation	Regular Bd Mtg	Mileage	Air Fare	Meeting Fees	Hotel	Meals	Internet & Telephone	Misc Expense Include	Misc Expense Exclude	Total
09/16-04	109993			1,000.00	37.95								1,037.95
10/15-04	110479			1,000.00	37.95								1,037.95
11/19-04	111178			1,000.00	37.95								1,037.95
11/19-04	111178		Board retreat		117.75								117.75
12/16-04	111696			1,000.00	37.95				76.50				1,037.95
01/13-05	111995	KAEC	KAEC annual meeting	1,000.00	38.19								1,038.19
01/20-05	112202			1,000.00	38.19								1,038.19
02/17-05	112625			1,000.00	38.19								1,038.19
03/24-05	113225			1,000.00	38.19								1,038.19
04/21-05	113658			1,000.00	38.19								1,038.19
05/19-05	114137			1,000.00	38.19								1,038.19
06/16-05	114598			1,000.00	38.19								1,038.19
07/21-05	115250			1,000.00	38.19								1,038.19
07/21-05	115250		Coop annual meeting		6.48								6.48
08/18-05	115747			1,000.00	38.19								1,038.19
				12,000.00	581.55	0.00	0.00	0.00	76.50	0.00	0.00	0.00	12,658.05

South Kentucky Rural Electric Cooperative  
Case No. 2005-00450  
Jerry Purcell  
August 31, 2005

Check Number	Date	Payee	Explanation	Regular Bd Mtg	Mileage	Air Fare	Meeting Fees	Hotel	Meals	Internet & Telephone	Misc Expense Include	Misc Expense Exclude	Total
109963	09/16-04			1,000.00	3.75								1,003.75
110418	10/15-04			1,000.00	3.75								1,003.75
111174	11/19-04			1,000.00	3.75								1,003.75
111174	11/19-04		Board retreat		117.75								117.75
111667	12/16-04			1,000.00	3.75								1,003.75
112183	01/20-05			1,000.00	4.05								1,004.05
112183	01/20-05		KAEC board meeting		97.20			95.72					192.92
112595	02/17-05			1,000.00									1,000.00
112770	03/03-05	KAEC	Director Training				300.00		35.00				335.00
113199	03/24-05			1,000.00	4.05								1,004.05
113632	04/21-05			1,000.00	4.05								1,004.05
114115	05/19-05			1,000.00	4.05								1,004.05
114527	06/16-05			1,000.00	4.05								1,004.05
115227	07/21-05			1,000.00	4.05								1,004.05
115227	07/21-05		Coop annual meeting		4.05								4.05
115227	07/21-05		Elect officers		4.05								4.05
115729	08/18-05			1,000.00	4.05								1,004.05
				12,000.00	266.40	0.00	300.00	95.72	35.00	0.00	0.00	0.00	12,697.12

South Kentucky Rural Electric Cooperative  
Case No. 2005-00450  
William Shearer  
August 31, 2005

Check Number	Date	Payee	Explanation	Regular Bd Mtg	Mileage	Air Fare	Meeting Fees	Hotel	Meals	Internet & Telephone	Misc Expense Include	Misc Expense Exclude	Total
109947	09/16-04			1,000.00	37.88					45.95			1,083.83
109947	09/16-04		KAEC Summer meeting		192.75			126.04	175.00				493.79
110375	10/15-04	KAEC	KAEC Summer meeting	1,000.00	37.88				28.75	45.95			28.75
110380	10/15-04			1,000.00	37.88					45.95			1,083.83
111172	11/19-04		Director retreat	1,000.00	150.00								150.00
111656	12/16-04			1,000.00	37.88					45.95			1,083.83
112174	01/20-05			1,000.00	40.50					45.95			1,086.45
112579	02/17-05			1,000.00	40.50					45.95			1,086.45
112786	03/03-05	American Exp	NRECA annual meeting				475.00						475.00
113188	03/24-05			1,000.00	40.50					45.95			1,086.45
113188	03/24-05		NRECA annual meeting		113.25	229.90		815.55	375.00				1,533.70
113620	04/21-05			1,000.00	40.50					45.95			1,086.45
114102	05/19-05			1,000.00	40.50					45.95			1,086.45
114371	06/08-05	American Exp	Legislative conference									475.00	475.00
114488	06/16-05			1,000.00	40.50					45.95			1,086.45
115221	07/21-05			1,000.00	40.50					45.95			1,086.45
115221	07/21-05		Coop annual meeting		40.50								40.50
115221	07/21-05		Elect officers		40.50								40.50
115724	08/18-05			1,000.00	40.50					45.95			1,086.45
115724	08/18-05		Director retreat		162.00				475.00				637.00
115970	09/02-05	American Exp	Director retreat					666.35					666.35
112207	01/20-05	Alltel	Telephone							23.93			23.93
112632	02/17-05	Alltel	Telephone							23.93			23.93
113124	03/17-05	Alltel	Telephone							23.93			23.93
113555	04/14-05	Alltel	Telephone							23.95			23.95
114018	05/12-05	Alltel	Telephone							23.95			23.95
114607	06/16-05	Alltel	Telephone							23.95			23.95
115139	07/14-05	Alltel	Telephone							23.95			23.95
115833	08/25-05	Alltel	Telephone							23.89			23.89
109998	09/16-04	Alltel	Telephone							23.89			23.89
110489	10/15-04	Alltel	Telephone							24.65			24.65
111163	11/18-04	Alltel	Telephone							23.80			23.80
111769	12/21-04	Alltel	Telephone							23.80			23.80
				12,000.00	1,174.52	229.90	475.00	1,607.94	1,053.75	838.87	0.00	475.00	17,854.98

South Kentucky Rural Electric Cooperative  
Case No. 2005-00450  
General Expenses  
August 31, 2005

Date	Check Number	Payee	Explanation	Regular Bd Mtg	Mileage	Air Fare	Meeting Fees	Hotel	Meals	Health Ins	Internet & Telephone	Misc Expens		Total
												Include	Exclude	
09/02-04	109686	Delta Dental	Dental insurance							150.06				150.06
10/07-04	110281	Delta Dental	Dental insurance							150.06				150.06
11/04-04	110840	Delta Dental	Dental insurance							150.06				150.06
12/02-04	111336	Delta Dental	Dental insurance							150.06				150.06
01/06-05	111901	Delta Dental	Dental insurance							171.07				171.07
02/03-05	112357	Delta Dental	Dental insurance							171.07				171.07
03/03-05	112803	Delta Dental	Dental insurance							171.07				171.07
04/07-05	113414	Delta Dental	Dental insurance							171.07				171.07
05/05-05	113849	Delta Dental	Dental insurance							171.07				171.07
06/02-05	114287	Delta Dental	Dental insurance							171.07				171.07
07/01-05	114849	Delta Dental	Dental insurance							171.07				171.07
08/04-05	115451	Delta Dental	Dental insurance							171.07				171.07
09/02-04	109669	NRECA	Business travel insurance									10.91		10.91
02/04-05	112417	Hartford Ins Co	Business travel insurance									13.12		13.12
02/04-05	112417	Hartford Ins Co	Business travel insurance									13.12		13.12
02/04-05	112417	Hartford Ins Co	Business travel insurance									13.12		13.12
02/04-05	112417	Hartford Ins Co	Business travel insurance									13.12		13.12
02/04-05	112417	Hartford Ins Co	Business travel insurance									13.12		13.12
03/03-05	112839	Hartford Ins Co	Business travel insurance									13.12		13.12
04/14-05	113566	Hartford Ins Co	Business travel insurance									13.11		13.11
05/05-05	113874	Hartford Ins Co	Business travel insurance									13.11		13.11
06/16-05	114628	Hartford Ins Co	Business travel insurance									13.11		13.11
07/01-05	114851	Hartford Ins Co	Business travel insurance									13.11		13.11
08/04-05	115478	Hartford Ins Co	Business travel insurance									13.11		13.11
12/16-04	111658	Carthel Brashear	KAEC annual meeting										369.50	369.50
09/30-04	110266	Visa	Director retreat, room deposit					1,432.70						1,432.70
12/30-04	111844	American Express	Christmas gifts					971.95						971.95
01/07-05	111947	Visa	Director retreat											
09/30-04	110160	NRECA	RE Magazine subscription										301.00	301.00
09/08-05	116017	NRECA	RE Magazine subscription										301.00	301.00
			Medical insurance											
			Director, Officers & Management liability insurance							72,417.60				72,417.60
			Allocation to subsidiary corporation										21,315.00	21,315.00
													(2,306.15)	(2,306.15)
														0.00
				0.00	0.00	0.00	0.00	2,404.65	0.00	74,386.40	0.00	19,465.04	961.76	97,217.85

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South Kentucky Rural Electric Cooperative  
Case No. 2005-00450  
**Adjustment for miscellaneous expenses**  
August 31, 2005

Certain advertising expenses are disallowed for rate making purposes that are not for safety, conservation, information or the annual meeting. These have been removed from Account 930.10, General Advertising Expense. Those removed include sponsorship of sports, church, civic and charitable related organizations. In addition, giveaways, candy and the Cooperative Connection Card, which allows members to receive discounts at local vendors and retailers when presenting the card, have been removed.

There are Miscellaneous General Expenses that are also disallowed for rate making purposes are employee meals, gifts, flower funds for deaths in families, amounts paid for the nominating committee, and for the People Fund. The People Fund is a charitable organization established by South Kentucky for low income and other recipients.

Annual meeting scholarships, prizes and giveaways are also disallowed. Since South Kentucky's annual meeting is in August, there are times when expenses are either paid in August, September or October. For the Test Year, there are several expenses for the 2004 and 2005 annual meetings that have been paid during the test year. South Kentucky has removed the expenses for the 2004 annual meeting included in the test year.

The amounts removed for rate making purposes is as follows:

Account 930.10, General advertising	78,530
Account 930.20, Miscellaneous general	27,083
Account 930.23, Annual meeting	<u>47,342</u>
	<u>152,955</u>

South Kentucky Rural Electric Cooperative  
Case No. 2005-00450  
General Advertising Expenses Account 930.10  
August 31, 2005

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<u>Date</u>	<u>Check Number</u>	<u>Payee</u>	<u>Amount</u>	<u>Description</u>
09/02-04	109691	Americian Heart Assoc	200.00	x Americian Heart walk
09/09-04	109879	Russell Co Lakers	100.00	x Golf hole sponsor ad
09/09-04	109890	All School Fudnraising	207.45	x Touchstone Energy ad sponsor
09/23-04	110087	Charter Media Svcs	300.00	x Somerset Sports sponsor
09/23-04	110097	Universal Ad Assoc	179.50	x Chamber area maps
10/07-04	110262	Duo County RTCC	400.00	x Sponsor football telecast
10/07-04	110296	Lands' End Business Outfit	268.18	Logo for employee shirts
10/14-04	110368	Commonwealth Journal	1,217.60	x Sponsor McCreary Festival
10/15-04	110391	WTLO Radio	143.00	x Peoples Fund ad
10/15-04	110410	United Way	200.00	x Bass Tornment sponsor
10/15-04	110435	Monticello-Wayne Media	450.00	x Sponsor Community calendar
10/15-04	110452	WHVE Radio	225.00	x Peoples Fund ad
10/15-04	110454	Kaeser & Blair, Inc	265.32	x Key chains for health fair
10/15-04	110454	Kaeser & Blair, Inc	387.48	x Mugs for health fair
10/14-04	110454	Kaeser & Blair, Inc	3,692.10	x Calendars for members
10/15-04	110471	McCreary Co Voice	550.00	x Sponsor football ad
10/15-04	110474	Clear Channel Broadcastin	456.19	x Peoples Fund ad
10/15-04	110510	Modern Distributors Inc.	373.97	x Snacks for Motorcycle Run
10/21-04	110623	New Horizons Graphics	248.04	x Banner for Foothills Festival
10/21-04	110624	Pulaski Co Fair Board	500.00	x Sponosor fair
10/28-04	110718	Lands' End Business Outfit	215.71	Logo for employee shirts
11/04-04	110839	Pulaski Co HS Boosters	250.00	x Poster
11/04-04	110856	All-American Publishing, LL	130.00	x Sponsor Spring Pocket ad
11/04-04	110867	Somerset Visitor's Guide	450.00	x Sponsor Visitors' Guide
11/11-04	111039	McCreary Co Voice	310.00	x Sponsor football poster
11/11-04	111044	Lands' End Business Outfit	319.06	Logo for employee shirts
11/18-04	111143	Commonwealth Journal	600.00	x Sponsor sports
11/24-04	111276	Christmas Day Parade	200.00	x 2004 sponsor
12/02-04	111335	Pulaski Co HS Boosters	250.00	x Basketball calendar
12/02-04	111337	Kaeser & Blair, Inc	938.48	x Sunglass visor clips
12/09-04	111477	Commonwealth Journal	1,782.36	x Sponsor sports and coloring conte
12/09-04	111502	Commercial Printing Co	1,301.68	x Christmas greeting bill stuffers
12/09-04	111508	News Journal	380.00	ETS conservation ad
12/09-04	111521	Somerset Lake Cumberlan	125.00	ETS conservation ad
12/09-04	111544	McCreary Co Voice	623.88	x Sponsor football ad
12/09-04	111548	Lands' End Business Outfit	291.50	Logo for employee shirts
12/10-04	111601	Visa	137.23	x Safe night out candy
01/06-05	111888	WTLO Radio	148.50	x Cooperative connect card
01/06-05	111904	WKYM-FM Radio	240.00	x Cooperative connect card
01/06-05	111911	McCreary Co Voice	732.88	x Christmas greeting / sports ad
01/06-05	111913	Clear Channel Broadcastin	504.45	x Coop connect card, congrats schc
01/06-05	111914	EBSCO Industries Inc	260.00	x Casey Co library reading
01/13-05	111986	Commonwealth Journal	2,440.64	x Christmas / basketball ad
01/13-05	111991	East KY Power Coop	513.04	x Coop connect card stickers
01/13-05	112011	WJRS & WJKY Radio	165.00	x Coop connect card
01/13-05	112014	Wayne Co Outlook	270.70	x Sponsor religion page
01/13-05	112024	Times Journal	250.00	x Sponsor basketball ad
01/13-05	112024	Times Journal	250.00	x Sponsor Education / Athletics
01/13-05	112047	News Journal	545.00	x Christmas / sports sponsor

South Kentucky Rural Electric Cooperative  
Case No. 2005-00450  
General Advertising Expenses Account 930.10  
August 31, 2005

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Date	Check Number	Payee	Amount	Description
01/13-05	112058	Monticello-Wayne Media	450.00	x Community basketball calendar
01/13-05	112070	WHVE Radio	250.00	x Coop connect card
01/13-05	112085	Charter Media Svcs	200.00	x Coop connect card
01/13-05	112088	McCreary Co Voice	100.00	x Student of Week sponsor
01/13-05	112127	Cumberland Co HS	250.00	x All "A" Classic sponsor
01/20-05	112169	Duo County RTCC	400.00	x Sponsor broadcast of basketball
01/20-05	112199	McCreary Co Voice	140.00	x Student of Week sponsor
01/20-05	112204	Somernites Cruise	500.00	x Sponsor Cruise
01/20-05	112213	Southern Historical News II	139.95	x Sponsor ad
01/20-05	112220	American Ranch Horse As:	150.00	x Sponsor ad
01/27-05	112272	Main Street Deli	432.58	x All "A" Classic food
01/27-05	112301	the JPG Group	2,248.83	x Printing Coop connect card
02/03-05	112365	South KY Equine Org	100.00	x 2005 Fun Horse Show
02/03-05	112368	McCreary Co Voice	100.00	x Student of Week sponsor
02/03-05	112371	Pulski Co Little League	100.00	x Little League sign
02/03-05	112374	Lands' End Business Outfit	275.18	Logo for employee shirts
02/03-05	112383	Dollar Discount	1,196.48	x Front counter candy
02/10-05	112453	Commonwealth Journal	250.00	x Sponsor religion page
02/10-05	112453	Commonwealth Journal	1,076.25	x Christmas / sports sponsor
02/10-05	112455	East KY Power Coop	11,124.96	x Printing Coop connect card
02/10-05	112458	KAEC	8,193.75	x Mailing Coop connect card
02/10-05	112467	WTLO Radio	143.00	x Coop connect card ad
02/10-05	112476	Commercial Printing Co	1,169.18	x Bill stuffer Coop connect card
02/10-05	112487	News Journal	150.00	x Sponsor Home Builders ad
02/10-05	112492	Monticello-Wayne Media	535.00	x Holiday greeting / Coop card ad
02/10-05	112504	WHVE Radio	250.00	x Coop connect card ad
02/10-05	112508	WKYM-FM Radio	230.00	x Coop connect card ad
02/10-05	112516	McCreary Co Voice	100.00	x Sponsor sports ad
02/10-05	112516	McCreary Co Voice	220.00	x Student of Week sponsor
02/10-05	112517	Universal Adcom	269.50	x Sponsor Community Guide ad
02/10-05	112520	Clear Channel Broadcastin	599.95	x Coop connect card ad
02/17-05	112583	WJRS & WJKY Radio	165.00	x Sponsor Community date book
02/17-05	112610	Kaeser & Blair, Inc	566.04	x Emery Board giveaways
02/17-05	112610	Kaeser & Blair, Inc	1,072.13	x Fishing bobber ads
02/17-05	112610	Kaeser & Blair, Inc	1,052.98	x Waling stick ad
02/17-05	112610	Kaeser & Blair, Inc	383.72	x Plastic ruler ads
02/17-05	112618	Charter Media Svcs	200.00	x Sports sponsor ad
02/17-05	112627	Journal Communications Ir	1,428.00	Conservation Home ad
02/24-05	112726	Perryville Embroidery	397.50	Logo for employee shirts
03/03-05	112776	WTLO Radio	132.00	Conservation Home ad
03/03-05	112788	News Journal	120.00	x Sports sponsor ad
03/03-05	112788	News Journal	120.00	Conservation Home ad
03/03-05	112828	All-American Publishing, LI	150.00	x High school poster sponsor
03/04-05	112880	Somerset Lake Cumberlan	125.00	Conservation Home ad
03/04-05	112886	WKYM-FM Radio	220.00	Conservation Home ad
03/04-05	112887	Clear Channel Broadcastin	759.00	Conservation Home ad
03/10-05	112954	Commonwealth Journal	1,169.60	x Church page, sports sponsor ad
03/10-05	112966	Wayne Co Outlook	501.50	x Sponsor religion page

South Kentucky Rural Electric Cooperative  
Case No. 2005-00450  
General Advertising Expenses Account 930.10  
August 31, 2005

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<u>Date</u>	<u>Check Number</u>	<u>Payee</u>	<u>Amount</u>	<u>Description</u>
03/10-05	112969	Gibson Printing	453.00	x All "A" Classic sponsor
03/10-05	112982	Monticello-Wayne Media	450.00	x Sports sponsor ad
03/10-05	112987	WHVE Radio	250.00	Conservation Home ad
03/10-05	112990	Kaeser & Blair, Inc	214.60	x Bag Clip givaways
03/10-05	113001	McCreary Co Voice	340.00	x Student of Week sponsor
03/14-05	113005	Lands' End Business Outfit	105.27	Logo for employee shirts
03/17-05	113113	Charter Media Svcs	200.00	Conservation Home ad
03/17-05	113121	Shoutin' Time Media	100.00	x KY Gospel music festival
03/24-05	113194	WJRS & WJKY Radio	165.00	Conservation Home ad
03/24-05	113207	Kaeser & Blair, Inc	1,595.83	x Economy Totes giveaways
03/24-05	113230	Perryville Embroidery	106.00	Logo for employee shirts
03/24-05	113239	Catch A Rainbow	1,000.00	x Sponsor Fishing Derby for kids
03/31-05	113297	Somerset Karate Academy	100.00	x Somer-Slam sponsor
03/31-05	113301	Lake Cumb Cal Ripken	150.00	x 2005 sign
03/31-05	113302	Casey Co Fair	500.00	x Sponsor Walking Horse show
04/07-05	113386	Somerset-Pulaski Chambe	250.00	x Golf hole sponsor
04/07-05	113421	Casy Co Fair	100.00	x Ad sponsor
04/07-05	113436	L A W Publications	349.00	x McCreary Co Sheriff Publication
04/14-05	113489	Commonwealth Journal	869.50	x Sponsor church page, sports ad
04/14-05	113492	KAEC	159.00	Prints of "Our Power is Our People"
04/14-05	113539	McCreary Co Voice	255.00	x Student of Week sponsor
04/14-05	113539	McCreary Co Voice	250.00	Conservation Home ad
04/14-05	113542	EBSCO Industries Inc	312.00	x Clinton Co Library reading
04/28-05	113734	News Journal	150.00	Conservation Home ad
04/28-05	113753	Lands' End Business Outfit	128.26	Logo for employee shirts
05/05-05	113843	Somerset Lake Cumberland	125.00	Conservation Home ad
05/12-05	113935	Commonwealth Journal	406.00	x Sponsor church / sports page
05/12-05	113995	New Horizons Graphics	173.84	x March of Dimes shirts
05/12-05	113995	New Horizons Graphics	148.40	x Fishing Tournament shirts
05/12-05	113995	New Horizons Graphics	1,522.58	x Caps giveaways
05/12-05	114000	Russell Co Kiwanis	100.00	x Hole sponsor
05/12-05	114002	McCreary Co Voice	653.88	x Student of Week, sports sponsor
05/12-05	114041	Lincoln Co Fair Board	500.00	x Fair sponsor
05/19-05	114103	Somerset-Pulaski Chambe	250.00	x Golf hole sponsor
05/19-05	114114	March of Dimes	300.00	x Walk America
05/19-05	114127	Somerset Food Service	250.00	x Food for Walk America
05/19-05	114135	Russell Co Baseball Boost	100.00	x Golf scramble sponsor
05/27-05	114194	Clinton Co Fair Board	500.00	x Sponsor
06/16-05	114473	Commonwealth Journal	1,221.44	x Church, sports, graduation spons
06/16-05	114508	Times Journal	250.00	x Graduation ad
06/16-05	114517	Russell Co Jaycees	500.00	x Corporate sponsor
06/16-05	114520	United Way	300.00	x Hole sponsor
06/16-05	114553	P.C. HS Quarterback Club	100.00	x Sponsor
06/16-05	114568	Kaeser & Blair, Inc	1,569.65	x Click Stic giveaways

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Date	Check Number	Payee	Amount	Description
06/16-05	114576	Pulaski Co HS Boosters	100.00	x Soccer Hole sponsor
06/16-05	114582	New Horizons Graphics	528.94	x Umbrella giveaways
06/16-05	114588	McCreary Co Voice	545.00	x Student of Week, graduation spon
06/16-05	114593	EBSCO Industries Inc	520.00	x Library reading services
06/16-05	114594	Lands' End Business Outfit	151.58	Logo for employee shirts
06/16-05	114608	Perryville Embroidery	227.90	Logo for employee shirts
06/16-05	114615	Dollar Discount	1,431.00	x Front counter candy
06/16-05	114622	Southern Historical News Ir	139.95	x Salute to Army
06/16-05	114637	SouthWestern HS Girls Ba:	100.00	x Golf hole sponsor
06/16-05	114641	McCreary Co HS Band	325.00	x Town-Opoly Project sponsor
06/16-05	114648	Twins Baseball Boosters	100.00	x Baseball ad
06/16-05	114650	Small, Ruby Belle	360.00	x Billboard rental
06/23-05	114743	Somerset HS Soccer Boos	150.00	x Sign renewal
06/23-05	114749	Giant Photos LLC	420.00	x Basketball team sponsor ad
07/07-05	114902	Visa	146.68	x Decorations at fairs
07/07-05	114905	Pulaski Sheriff Dept	250.00	x Calendar sponsor
07/07-05	114921	KY Poultry Federation	250.00	x Annual meeting sponsor
07/07-05	114923	Russell Co Lakers	250.00	x Hole sponsor
07/07-05	114932	KY Poultry Federation	500.00	x Annual meeting sponsorship
07/07-05	114935	Somerset HS Football Boo:	200.00	x Banner
07/07-05	114942	Jamestown Lakefest	100.00	x Hole sponsor
07/08-05	114951	Master Musicians Festival	4,000.00	x MMF Sponsor
07/14-05	115016	Commonwealth Journal	501.13	x Church page, sports, July 4th
07/14-05	115030	Myron Corp	2,448.59	x Diary Atlas giveaways
07/14-05	115039	WJRS & WJKY Radio	370.35	Conservation Home ad
07/14-05	115040	WTLO Radio	208.00	Conservation Home ad
07/14-05	115042	Wayne Co Fair	500.00	x Sponsor demo derby
07/14-05	115083	Monticello-Wayne Media	300.00	Conservation Home ad
07/14-05	115090	Russell Register	206.67	x Sponsor Russell Co Fair
07/14-05	115094	Somerset Lake Cumberland	125.00	Conservation Home ad
07/14-05	115099	WHVE Radio	356.00	Conservation Home ad
07/14-05	115107	WKYM-FM Radio	230.00	Conservation Home ad
07/14-05	115116	Charter Media Svcs	200.00	Conservation Home ad
07/14-05	115121	McCreary Co Voice	215.00	x Student of Week
07/14-05	115124	Clear Channel Broadcastin:	130.90	Conservation Home ad
07/14-05	115125	SouthWestern HS Soccer f	100.00	x Sign renewal
08/04-05	115431	WTLO Radio	203.00	x Pulaski Co Fair ad
08/04-05	115435	Russell Co Chamber	100.00	x Directory ad
08/04-05	115444	P.C. HS Quarterback Club	100.00	x Sign at football field
08/04-05	115453	WKYM-FM Radio	230.00	Conservation Home ad
08/04-05	115456	Americian Heart Assoc	100.00	x Freinds of Heart sponsor
08/04-05	115463	Clear Channel Broadcastin:	319.95	Conservation Home ad
08/04-05	115471	McCreary Co Fair Board	500.00	x Sponsor Family Fun Day
08/11-05	115552	Commonwealth Journal	1,777.75	x Schloarship, sports, church page
08/11-05	115566	WJRS & WJKY Radio	165.00	Conservation Home ad
08/11-05	115594	Monticello-Wayne Media	450.00	Conservation Home ad

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<u>Date</u>	<u>Check Number</u>	<u>Payee</u>	<u>Amount</u>	<u>Description</u>
08/11-05	115599	Somerset Lake Cumberland	125.00	Conservation Home ad
08/11-05	115603	WHVE Radio	285.00	Conservation Home ad
08/11-05	115617	Charter Media Svcs	200.00	Conservation Home ad
08/11-05	115666	4th Man Productions	200.00	x Shoutfest sponsor
08/11-05	115670	Sign's By Gary	100.00	x Oversize check print sponsor
08/18-05	115753	Universal Ad Assoc	169.50	x Sports page ad
08/25-05	115804	Myron Corp	1,246.16	x Date Log giveaways
08/25-05	115807	Russell Co Chamber	100.00	x Golf scramble
08/25-05	115814	Kaesar & Blair, Inc	824.61	x Neon pencil giveaways
08/25-05	115834	Russell Co Lakers	100.00	x Hole sponsor ad
09/01-05	115945	Peer Wxc Network LLC	500.00	x Golf sponsor
09/02-05	115970	American Express	147.88	x Meal for Tarter Gate check givew:
09/08-05	116007	Commonwealth Journal	580.00	x Church, sports ad
09/08-05	116014	KAEC	225.00	x Lineman Rodeo ad
09/08-05	116027	WTLO Radio	148.50	x Coop connect card
09/08-05	116034	Times Journal	250.00	x Education support ad
09/08-05	116056	Monticello-Wayne Media	300.00	x Coop connect card
09/08-05	116065	Somerset Lake Cumberland	125.00	Conservation Home ad
09/08-05	116070	WHVE Radio	385.00	x Coop connect card
09/08-05	116074	WKYM-FM Radio	240.00	x Coop connect card
09/08-05	116075	Kings Island Radio	150.00	x Promotional ad for Jubilee
09/08-05	116093	McCreary Co Voice	300.00	x McCreary Co Fair ad
09/08-05	116097	Clear Channel Broadcastin	346.85	x Coop connect card
09/08-05	116123	Ambassador Co	500.00	x Character Books for schools
09/08-05	116124	Southern Historical News li	139.95	x Committed to Community ad
09/15-05	116183	WJRS & WJKY Radio	165.00	Conservation Home ad
09/15-05	116203	Charter Media Svcs	200.00	Conservation Home ad
10/07-04	110295	McCreary Co Voice	162.18	x Banners McCreary Co Parade
10/07-04	110305	Dollar Discount	113.97	x Candy McCreary Co Parade
10/21-04	110606	Ruby Patterson	148.30	x Food for Foothills Festival
10/21-04	110624	Pulaski Co Fair Board	889.00	x 2004 sponsor and tickets
10/21-04	110633	Dollar Discount	1,250.12	x Candy for parades
10/28-04	110731	Charlie Battery Family	250.00	x Oct 30 luncheon Nat'l Guard
11/12-04	111093	Visa	126.38	x Candy Christmas parade
11/12-04	111093	Visa	748.60	x Meals, decorations parades
12/16-04	111688	New Horizons Graphics	724.32	x Signs for parades
01/07-05	111947	Visa	115.75	x Meals for parades
07/07-05	111947	Visa	1,006.61	x Meals, decorations parades
09/08-05	116020	Visa	106.10	x Meals for parades
		Items less than \$100 individually	6,736.12	
		Cooperative labor	14,139.06	
		Benefits, transportation	12,095.08	
		Reimbursement from EKPC	(26,957.72)	x
			<u>122,759.98</u>	
		Disallow for rate making purposes	<u>78,530.38</u>	x

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<u>Date</u>	<u>Check Number</u>	<u>Payee</u>	<u>Amount</u>	<u>Description</u>
10/07-04	110266	Visa	350.00	x Gifts for summer employes
10/15-04	110375	KAEC	23,736.09	KY Living magazine
10/15-04	110430	M&M Tent Rental	558.50	Business appreciation dinner
10/15-04	110467	New Horizon Graphics	263.94	x Shirts Florida disaster crew
10/15-04	110529	Breckinridge Auxiliary Fund	100.00	x Memory Katherine Mercer
10/15-04	110530	Calvary Bapt Ch Food Pantry	100.00	x Memory Edna Browning
11/04-04	110866	Central KY Blood Center	140.00	x Donation
11/04-04	110868	Jamie Ennis	238.00	x Insert in Discover So Ky magazine
11/11-04	110954	KAEC	23,801.51	KY Living magazine
11/11-04	110956	NRECA	41,312.00	Annual dues
11/11-04	110983	Commercial Printing	121.90	Employee newsletter
11/11-04	111045	Simply the Best	196.09	x Employee flower fund
11/18-04	111138	Richard Randall	1,500.00	x Christmas dinner prizes
12/07-04	111460	Allen Anderson	725.02	x Employee Christmas gifts
12/09-04	111461	Richardson's Catering	106.00	x Employee Thanksgiving meal
12/09-04	111471	Carol Wright	225.00	x Christmas dinner gifts
12/09-04	111484	KAEC	23,810.63	KY Living magazine
12/09-04	111487	Visa	108.92	Employee health fair
12/09-04	111529	Lake Cumb Medical Assoc	680.00	Employee health fair
12/09-04	111583	Modern Distributors Inc.	250.16	x Employee Thanksgiving meal
12/16-04	111690	Presskit	3,921.51	Articles in Ky Living magazine
12/16-04	111694	Simply the Best	138.83	x Flower fund
12/16-04	111695	Gina's Greenhouse	972.00	x Retiree gifts
12/21-04	111750	Todd's Greenhouse	258.75	x Flowers for christmas meal
12/30-04	111844	American Express	1,955.62	x Employee awards
01/07-05	111947	Visa	431.84	Employee health fair meal
01/07-05	111947	Visa	680.26	x Employee Christmas gifts
01/07-05	111947	Visa	1,684.18	x Director gift cards
01/07-05	111947	Visa	120.71	x Employee Christmas meal
01/07-05	111947	Visa	593.26	x Employee Christmas meal
01/07-05	111947	Visa	169.52	x Flower fund
01/13-05	111995	KAEC	23,869.48	KY Living magazine
01/13-05	112123	Modern Distributors Inc.	7,212.24	x Employee Christmas meal
01/20-05	112189	Center For Rural Developmen	1,780.00	x Employee Christmas meal
02/03-05	112333	Carol Wright	227.11	Supervisor meeting meal
02/03-05	112375	Simply the Best	105.98	x Flower fund
02/03-05	112406	Hillcrest Bapt Church	100.00	x Memory Louise Glover
02/10-05	112458	KAEC	24,233.03	KY Living magazine
02/10-05	112462	Visa	430.31	x Employee Christmas meal
02/10-05	112476	Commercial Printing	121.90	Employee newsletter
02/10-05	112546	Modern Distributors Inc.	463.75	Employee meeting meal
02/17-05	112623	Wilson's Picture Framing	127.20	x Retiree gifts
03/03-05	112770	KAEC	24,292.69	KY Living magazine
03/10-05	112960	Visa	132.50	Supervisor meeting meal
03/10-05	112960	Visa	225.41	x Retiree luncheon
03/10-05	113000	Presskit	1,362.25	Articles for Ky Living magazine

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Date	Check Number	Payee	Amount	Description
03/10-05	113021	Modern Distributors Inc.	157.62	x Retiree luncheon
03/17-05	113139	Modern Distributors Inc.	225.25	x United Way
04/05-05	113359	Ryan Powers	100.00	x Nominating Committee
04/05-05	113360	James Elmore	100.00	x Nominating Committee
04/05-05	113362	R.K. Mims	100.00	x Nominating Committee
04/05-05	113363	Steve Tallent	100.00	x Nominating Committee
04/05-05	113364	Sharon Ross	100.00	x Nominating Committee
04/07-05	113425	Simply the Best	227.89	x Flower fund
04/07-05	113444	Heritage Hospice	100.00	x Memory Tommy Gooch
04/14-05	113492	KAEC	23,649.72	KY Living magazine
04/14-05	113578	Modern Distributors Inc.	148.82	Supervisor meeting meal
04/28-05	113750	Wilson's Picture Framing	127.20	x Flower fund
05/12-05	113942	KAEC	23,278.85	KY Living magazine
05/12-05	113947	Visa	228.01	x Retiree meals
05/12-05	113947	Visa	194.04	Architect meeting meal
05/12-05	114006	Simply the Best	106.00	x Flower fund
05/12-05	114044	Modern Distributors Inc.	179.67	x Nominating committee meal
05/27-05	114232	RGM Communications	1,350.00	Economic Develop in Ky Living mag
06/02-05	114292	Presskit	1,405.47	Articles for Ky Living magazine
06/16-05	114482	KAEC	23,154.91	KY Living magazine
06/30-05	114807	Wheldon's Appliances	242.74	x Annual meting prizes
07/07-05	114902	Visa	108.54	x Death in family meal
07/07-05	114902	Visa	121.00	x Death in family meal
07/14-05	115026	KAEC	23,170.32	KY Living magazine
07/21-05	115245	Simply the Best	119.77	x Flower fund
08/11-05	115557	KAEC	23,217.63	KY Living magazine
08/11-05	115576	Commercial Printing	121.90	Business cards, newsletter
08/11-05	115625	Wilson's Picture Framing	127.20	Frame for office picture
08/11-05	115671	Modern Distributors Inc.	276.45	Employee meeting
08/12-05	115679	Visa	398.10	x Graduation gift cards
08/25-05	115847	EKPC Employee Assoc	125.00	x Golf scramble
09/08-05	116014	KAEC	23,309.71	KY Living magazine
09/08-05	116020	Visa	150.28	x Retiree luncheon
09/08-05	116020	Visa	182.43	x Employee gifts
08/11-05	115557	KAEC	124,070.10	Annual dues
01/13-05	112006	Southeastern Data Coop	3,080.00	Capital credit allocations
11/11-04	111051	Salem Printing Co	1,151.30	Capital credit forms
04/30-05	Wire	Koch Group, Inc.	10,276.54	Rural Business Opportunity Grants
04/30-05	Wire	SPC Development Foundatio	10,000.00	Rural Business Opportunity Grants
04/30-05	Wire	Garland & Associates	3,500.00	Rural Business Opportunity Grants
04/30-05		Rural Business Opportunity G	(5,411.94)	Cash receipts
04/21-05	113672	KY Manufacturing Asst Ctr	1,850.00	Rural Business Opportunity Grants
04/21-05	113672	KY Manufacturing Asst Ctr	2,778.00	Rural Business Opportunity Grants
05/12-05	114038	KY Manufacturing Asst Ctr	1,925.54	Rural Business Opportunity Grants
05/31-05		Rural Business Opportunity G	(1,166.00)	Cash receipts
07/31-05		Rural Business Opportunity G	(3,388.00)	Cash receipts
08/18-05	115760	KY Manufacturing Asst Ctr	1,166.00	Rural Business Opportunity Grants
08/25-05	115844	KY Manufacturing Asst Ctr	3,388.00	Rural Business Opportunity Grants

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<u>Date</u>	<u>Check Number</u>	<u>Payee</u>	<u>Amount</u>	<u>Description</u>
05/12-05	113963	Commercial Printing Co	552.31	x People Fund
06/16-05	114518	Commercial Printing Co	132.50	x People Fund
06/23-05	114732	New Horizon Graphics	575.00	x People Fund
05/19-05	114146	US Treasury	500.00	x People Fund
06/16-05	114644	John Plummer, PSC	1,275.00	x People Fund
		Items less than \$100 individually	5,281.56	
		Cooperative labor	13,892.13	
		Benefits, transportation	9,096.73	
		South Ky Services Corporation	(2,170.00)	Cash receipts, employee functions
		Coke and snack commissions	(762.02)	Cash receipts
		EKPC for Employee of Month	(600.00)	Cash receipts
		Reimbursement from EKPC	(2,365.50)	Cash receipts
			<u>539,265.86</u>	
		Items disallowed for rate making purposes	<u>27,082.79</u>	x

Witness: Allen Anderson

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09/02-04	109684	Eastern KY Univ	1,000.00	x Scholarship
10/15-04	110375	KAEC	31,750.69	x Annual meeting setup -2004
10/28-04	110695	Ky Commun & Tech Colleg	356.08	x Scholarship
12/16-04	111670	Univ of KY	1,000.00	x Scholarship
01/06-05	111890	Ky Commun & Tech Colleg	1,000.00	x Scholarship
02/24-05	112716	Pro Video-Audio Prod LLC	1,900.00	Entertainment electronics setup
03/03-05	112849	Spectra Entertainment	9,475.00	Entertainment, down payment
03/31-05	113313	Southern Hist News Inc.	199.95	Advertising
04/28-05	113731	Ky Commun & Tech Colleg	460.00	x Scholarship
04/28-05	113741	Lindsey Wilson College	1,000.00	x Scholarship
05/19-05	114096	Ruby Patterson	519.15	x Prizes
06/02-05	114310	Sign's By Gary	486.00	Parking signs
06/08-05	114369	Ruby Patterson	100.00	x Prizes
06/08-05	114370	Trudy Denham	228.00	x Prizes
06/08-05	114373	Somerset Karate Academy	500.00	Entertainment
06/08-05	114374	Jann's Catering Inc.	5,700.00	Food
06/08-05	114377	Pro Video-Audio Prod LLC	1,900.00	Entertainment electronics setup
06/08-05	114381	Cromer Rides	1,100.00	Entertainment
06/08-05	114395	Blakey Quartet	500.00	Entertainment
06/08-05	114397	Spectra Entertainment	9,475.00	Entertainment
06/10-05	114411	Greg Wells	100.00	Food service
06/10-05	114415	Visa	1,424.85	Registration setup supplies
06/10-05	114417	American Legion	100.00	Entertainment
06/16-05	114473	Commonwealth Journal	1,770.76	Advertising
06/16-05	114474	Cumberland Electric Suppl	814.08	Wiring for entertainment
06/16-05	114497	WJRS Radio	276.00	Advertising
06/16-05	114498	WTLO Radio	273.00	Advertising
06/16-05	114501	Wayne Co Outlook	374.50	Advertising
06/16-05	114510	Gibson Printing Co	105.53	Pamphlets, directory
06/16-05	114539	Pulaski Co Sheriff Dept	500.00	Security
06/16-05	114542	M & M Tent Rental	2,172.00	Tent rental
06/16-05	114547	Monticello-Wayne Media In	370.00	Advertising
06/16-05	114552	Whay Radio	267.50	Advertising
06/16-05	114556	CF Solutions	1,619.74	Registration cards
06/16-05	114565	WHVE Radio	394.00	Advertising
06/16-05	114572	WKYM Radio	380.00	Advertising
06/16-05	114582	New Horizon Graphics	1,379.59	Brochures
06/16-05	114588	McCreary Co Voice	607.37	Advertising
06/16-05	114592	Clear Channel Broadcastin	1,000.00	Advertising
06/16-05	114594	Land's End Outfitters	693.37	Employee shirts
06/16-05	114645	Bart Watkins	130.00	Security
06/16-05	114646	Somerset Police Dept	200.00	Security
06/16-05	114647	Modern Distributors Inc.	174.35	Food
06/23-05	114711	Hinkle Contracting	893.69	Gravel for parking
06/23-05	114713	Univ of KY	1,000.00	x Scholarship
06/23-05	114714	Loveless Sanitation	1,100.00	Port A Johns
06/23-05	114728	Waste Management	282.64	Trash collection
06/23-05	114745	Somerset Ice Co	221.00	Food
06/23-05	114746	Alltel	180.92	Temp telephone service

Witness: Allen Anderson

South Kentucky Rural Electric Cooperative  
Case No. 2005-00450  
Annual Meeting Expenses Account 930.23  
August 31, 2005

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<u>Date</u>	<u>Check Number</u>	<u>Payee</u>	<u>Amount</u>	<u>Description</u>
06/23-05	114763	Thompson Catering & Ever	1,696.00	Food
06/23-05	114768	Clinton Jewelers	715.00	x Prizes
06/30-05	114807	Wheldon's Appliances	428.24	x Prizes
06/23-05	114811	Univ of KY	1,000.00	x Scholarship
06/30-05	114830	Jennifer Stephens	125.00	Food service
06/30-05	114831	Pulaski Fire & Rescue	112.00	Meals for employees working
07/07-05	114902	Visa	991.10	Lunch for crews, water
07/07-05	114902	Visa	156.48	x Prizes
07/07-05	114902	Visa	331.24	Materials, electrical related
07/07-05	114902	Visa	377.52	Materials, electrical related
07/07-05	114902	Visa	262.88	x Prizes
07/07-05	114902	Visa	365.03	x Prizes
07/14-05	115016	Commonwealth Journal	1,138.07	Advertising
07/14-05	115026	KAEC	279.16	Extra annual reports
07/14-05	115040	WTLO Radio	234.00	Advertising
07/14-05	115044	Wayne Co Outlook	321.00	Advertising
07/14-05	115058	Commercial Printing Co	206.70	Brochures
07/14-05	115075	Modern Vending	149.74	Food
07/14-05	115083	Monticello-Wayne Media In	129.50	Advertising
07/14-05	115099	WHVE Radio	285.00	Advertising
07/14-05	115107	WKYM Radio	277.50	Advertising
07/14-05	115124	Clear Channel Broadcastin	1,596.00	Advertising
07/21-05	115214	Albany Broadcasting Co	187.50	Advertising
07/21-05	115251	Casey Co News	288.90	Advertising
07/28-05	115329	Ky Commun & Tech Colleg	1,000.00	x Scholarship
07/28-05	115335	Western KY Univ	1,000.00	x Scholarship
07/28-05	115364	Lincoln Mem Univ	1,000.00	x Scholarship
08/11-05	115571	Ky Commun & Tech Colleg	1,000.00	x Scholarship
08/18-05	115761	Univ of Cumberlands	1,000.00	x Scholarship
08/25-05	115815	Lindsey Wilson College	1,000.00	x Scholarship
09/08-05	116014	KAEC	33,594.34	Annual meeting setup -2005
		Less than \$100 individually	2,182.19	
		Coop labor	35,198.43	
		Benefits, transportation	24,396.08	
			<u>200,479.36</u>	
		Amounts to exclude for rate making purposes	<u>47,341.55</u>	x

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4 **South Kentucky Rural Electric**  
5 **Case No. 2005-00450**  
6 **Rate Case Expenses**  
7 August 31, 2005  
8  
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11 Estimated rate case costs:

12	Attorney	\$5,000
13	Consulting	60,000
14	Advertising	5,000
15	Supplies and miscellaneous	<u>2,000</u>
16		
17	Total	72,000
18	Number of years	<u>3</u>
19		
20	Adjustment	<u><u>\$24,000</u></u>
21		

22  
23 In-house labor was not included in the above adjustment as the labor would  
24 be incurred in other accounts.

25  
26 This amount is approximately the same as other rate requests filed before this  
27 Commission.

28  
29 The monthly amounts filed for rate case expenses will include the labor,  
30 however, this amount is not included in the above adjustment.  
31  
32

South Kentucky Rural Electric  
Case No. 2005-00450

Exhibit 13  
page 1 of 3  
Witness: Jim Adkins

Purchase Power  
Test Year Billing Determinants  
August 31, 2005

	<-- Billing Demand -->	<----- Schedule B/C all Kwh	<-- On-Peak	Total kwh billing Schedule E -->	Off-Peak	Green Power	----> Total kwh	Metering Point	<-- Substation Charge -->	
September	17,861	168,830	40,896,287	28,016,577	7,700	79,970,905	32	24	4	
October	17,923	132,771	29,547,956	34,285,845	10,500	74,803,509	32	24	4	
November	20,093	172,853	35,195,369	41,644,960	10,300	86,716,998	32	24	4	
December	20,611	294,333	51,985,064	65,142,491	10,600	126,900,661	33	24.55	4	
January	20,850	301,574	49,793,026	62,521,999	10,000	122,947,658	33	25	4	
February	20,165	212,691	41,485,586	52,187,265	10,100	103,552,141	33	25	4	
March	20,711	226,748	43,465,479	55,433,272	9,700	109,553,681	33	25	4	
April	18,054	155,263	31,230,873	37,823,103	9,700	79,275,875	33	25	4	
May	20,054	141,136	38,630,543	30,667,276	9,700	80,068,875	33	25	4	
June	19,612	191,586	50,420,311	31,795,688	13,000	93,888,559	33	25	4	
July	19,718	207,442	57,179,917	36,836,691	21,700	105,593,815	33	25	4	
August	20,453	199,056	58,443,104	36,761,235	21,700	107,636,632	33	25	4	
Total	236,105	2,404,283	528,273,515	513,116,402	144,700	1,170,909,309	393	297	48	

South Kentucky Rural Electric  
 Case No. 2005-00450  
 Purchase Power  
 August 31, 2005

Billing Rates:	Sept - May	June - Aug
KW-Sch B/C	5.39	5.39
KW-Sch E2	5.22	5.22
KWH-Sch B/C	0.022675	0.027325
KWH-Sch E2 On-Peak	0.030034	0.034684
KWH-Sch E2 Off-Peak	0.022468	0.027118
Green power	0.023766	0.023769
KVA 3000 - 7499	2.373.00	2.373.00
KVA 7500 - 14999	2.855.00	2.855.00
KVA 15000 - 99999	4.605.00	4.065.00
Metering Point	125.00	125.00

	Billing Demand -->		Schedule B/C		all Kwh		Schedule B/C		Demand Charge		Total kwh billing		Green Power	Energy Charge	Metering Point	3,000	Substation Charge		Total	Fuel Adjustment	Environmental Surcharge	Total		
	Sch B/C	Schedule E2	Sch B/C	Schedule E2	Sch B/C	Schedule E2	On-Peak	Off-Peak	On-Peak	Off-Peak	7,500	15,000					7,500	15,000					7,500	15,000
September	96,271	881,293	977,563	250,566	1,228,279	629,476	183	2,108,505	4,000	7,119	68,520	18,420	94,059	3,184,127	542,948	3,727,075								
October	96,605	693,065	789,670	248,500	887,443	770,334	250	1,906,527	4,000	7,119	68,520	18,420	94,059	2,794,256	394,160	3,188,416								
November	108,301	902,293	1,010,594	223,720	1,057,058	935,679	245	2,216,701	4,000	7,119	68,520	18,420	94,059	3,325,354	397,115	3,722,469								
December	111,093	1,536,418	1,647,512	221,365	1,561,319	1,463,621	252	3,246,558	4,125	7,119	70,086	18,420	95,625	4,993,819	883,153	5,876,972								
January	112,382	1,574,216	1,686,598	240,868	1,495,484	1,404,744	238	3,141,334	4,125	7,119	71,375	18,420	96,914	4,928,971	1,383,051	6,312,022								
February	108,689	1,110,247	1,218,936	223,784	1,245,978	1,172,543	240	2,642,545	4,125	7,119	71,375	18,420	96,914	3,962,521	1,312,915	5,275,436								
March	111,632	1,183,625	1,295,257	241,381	1,305,442	1,245,475	231	2,792,528	4,125	7,119	71,375	18,420	96,914	4,188,824	853,348	5,042,172								
April	97,311	810,473	907,784	231,562	937,988	849,809	231	2,019,590	4,125	7,119	71,375	18,420	96,914	3,028,413	604,801	3,633,214								
May	108,091	736,730	844,821	244,014	1,160,230	689,032	231	2,093,506	4,125	7,119	71,375	18,420	96,914	3,039,366	597,242	3,636,608								
June	105,709	1,000,079	1,105,788	318,597	1,748,778	862,235	309	2,929,920	4,125	7,119	71,375	18,420	96,914	4,136,747	154,897	4,291,644								
July	106,280	1,082,847	1,189,127	315,754	1,983,228	998,937	516	3,298,436	4,125	7,119	71,375	18,420	96,914	4,588,602	518,359	5,106,961								
August	110,242	1,039,072	1,149,314	339,119	2,027,041	996,891	516	3,363,567	4,125	7,119	71,375	18,420	96,914	4,613,920	585,425	5,199,345								
Total	1,272,606	12,530,357	13,822,963	3,099,230	16,638,268	12,018,780	3,439	31,759,717	49,125	85,428	846,646	221,040	1,153,114	46,784,920	8,227,414	55,012,334								

Normalized using rates effective	Normalized adjustment
1,272,606 12,959,085 14,231,691 3,535,163 18,322,639 13,914,691 3,439 35,775,932 49,125 85,428 846,646 221,040 1,153,114 51,209,862 51,209,862	4,424,943

South Kentucky Rural Electric  
Case No. 2005-00450  
Analysis of Fuel Adjustment and Environmental Surcharge  
August 31, 2005

An analysis of fuel adjustment and environmental surcharge as purchased and passed on to consumers is as follows:

<u>Month</u>	<u>Sales</u>		<u>Purchased</u>	
	<u>Fuel Adjustment</u>	<u>Environmental Surcharge</u>	<u>Fuel Adjustment</u>	<u>Environmental Surcharge</u>
September, 2004	427,124		542,948	
October	358,156		394,160	
November	545,839		397,115	
December	629,941		883,153	
January, 2005	605,322		1,383,051	
February	681,369		1,312,915	
March	1,041,990		853,348	
April	1,241,810		604,801	
May	734,745		597,242	
June	700,042		154,897	
July	1,118,144		518,359	
August	174,617	277,033	585,425	294,640
Total	<u>8,259,099</u>	<u>277,033</u>	<u>8,227,414</u>	<u>294,640</u>

The fuel purchased and environmental surcharge from East Kentucky Power Cooperative is passed on the the consumers using the Fuel Adjustment Procedures established by this Commission.

**South Kentucky Rural Electric**  
**Case No. 2005-00450**  
**Normalized Revenue**

Proposed Revenue	\$75,410,537
Normalized Revenue Case 2004-00482	<u>\$69,547,484</u>
Proposed Additional Revenue	<u><u>\$5,863,053</u></u>

South Kentucky Rural Electric  
Case No. 2005-00450  
**End of Test Year Customer Adjustment**  
August 31, 2005

Exhibit 15  
page 1 of 1

Witness: Jim Adkins

	A Residential	B Small Commercial	LP Large Power	OPS Optional Power	
August, 2004	54,318	3,555	234	151	
September	54,487	3,550	232	149	
October	54,827	3,555	235	159	
November	54,654	3,540	229	152	
December	54,776	3,555	236	146	
January, 2005	54,659	3,552	229	145	
February	54,776	3,542	227	147	
March	54,946	3,557	229	152	
April	55,094	3,558	236	149	
May	54,831	3,556	235	148	
June	54,920	3,574	243	160	
July	55,271	3,576	235	150	
August	<u>55,298</u>	<u>3,581</u>	<u>246</u>	<u>150</u>	
Average	<u>54,835</u>	<u>3,558</u>	<u>234</u>	<u>151</u>	
Increase	<u>463</u>	<u>23</u>	<u>12</u>	<u>(1)</u>	
Total revenue	43,978,881	4,015,825	8,097,863	1,182,897	
kwh useage	<u>706,078,436</u>	<u>59,473,163</u>	<u>142,895,983</u>	<u>16,741,932</u>	
Average per kwh	<u>0.06229</u>	<u>0.06752</u>	<u>0.05667</u>	<u>0.07065</u>	
Total billings, test year	658,539	42,696	2,812	1,807	
Average monthly kwh use	1,072	1,393	50,816	9,265	
Increase in consumers, times average use, times average rate, times 12 months, equals additional revenues	371,044	25,960	414,684	(7,855)	803,832
Increase in consumers, times average use, times average cost per kwh purchased, times 12 months, equals additional power cost	<u>238,022</u>	<u>15,361</u>	<u>292,381</u>	<u>(4,442)</u>	<u>541,322</u>
Net increase					<u><u>262,510</u></u>
Total cost of power, base rates		46,784,920			
Kwh purchased		1,170,909,309			
Cost per kwh purchased		<u>\$0.03996</u>			



United States Department of Agriculture  
Rural Development

OCT 26 2005

SUBJECT: Borrower Statistical Profile

TO: Electric Program Distribution Borrowers

FROM: JAMES F. ELLIOTT  
Acting Director  
Northern Regional Division  
Electric Programs

A handwritten signature in black ink, appearing to read "J. F. Elliott", written over the typed name and title.

Enclosed is a copy of the current Borrower Statistical Profile (BSP) for your cooperative, along with an explanation of how the ratios were calculated.

If you have any questions concerning the BSP information, you can contact your local General Field Representative or the regional area office.

Enclosures

1400 Independence Ave, SW • Washington, DC 20250-0700  
Web: <http://www.rurdev.usda.gov>

Committed to the future of rural communities.

"USDA is an equal opportunity provider, employer and lender."  
To file a complaint of discrimination write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 14<sup>th</sup> and Independence Avenue, SW, Washington, DC 20250-9410 or call (202) 720-5964 (voice or TDD).

KY 54 SOUTH KENTUCKY RUR ELEC COOP CORP

SUPPLIED BY: East Kentucky Power Coop, Inc (KY0059)

ITEM	BORROWER DATA		U.S. PEER GROUP		STATE VALUES			MIN	FLAG
	2002	2003	2004	U.S.	STATE	MAX	Q3		

FINANCIAL RATIOS

1. TIER (ONE YEAR)	2.62	1.71	1.34	2.26	1.37	1.59	122.32	1.90	1.34	0.34
2. AVERAGE TIER	2.75	2.75	2.17	2.50	2.99	2.91	69.96	3.72	2.10	1.60
3. OTIER (ONE YEAR)	1.08	0.59	1.25	1.79	1.27	1.43	105.53	1.69	1.25	0.12
4. AVERAGE OTIER	1.43	1.35	1.17	2.06	1.68	1.74	61.07	1.99	1.50	1.17
5. MTIER (ONE YEAR)	1.21	0.67	1.31	1.86	1.33	1.57	122.32	1.85	1.30	0.26
6. DSC (ONE YEAR)	2.46	1.81	1.49	2.01	1.52	1.63	54.08	1.99	1.48	0.92
7. AVERAGE DSC	2.55	2.55	2.14	2.20	2.46	2.41	27.81	2.67	2.10	1.73
8. ODSC (ONE YEAR)	1.46	1.09	1.44	1.78	1.47	1.61	50.42	1.88	1.40	0.84
9. AVERAGE ODSC	1.67	1.63	1.45	1.94	1.80	1.87	25.96	2.02	1.71	1.34
10. MDSC (ONE YEAR)	1.55	1.15	1.47	1.82	1.49	1.60	54.08	1.97	1.46	0.89
11. PRR (ONE YEAR)	5.98	6.50	6.26	6.48	6.37	6.26	7.72	7.06	5.82	4.79
12. EQUITY RATIO	37.29	35.96	33.96	42.78	37.43	38.01	85.08	43.14	32.06	29.03
13. MODIFIED EQUITY	25.21	22.19	21.05	34.29	24.49	25.46	85.08	35.74	23.15	17.50
14. OPERATING REVENUE / MILE	\$ 9892.94	\$ 10129.94	\$ 11223.43	\$ 7906.24	\$ 11864.23	\$ 11989.45	41071.66	15618.58	10463.40	8036.07
15. GENERAL FUNDS/TOTAL PLANT	% 14.35	% 10.43	% 9.15	% 4.07	% 1.86	% 2.21	17.32	4.19	0.96	0.12
16. CURRENT RATIO	2.56	1.65	1.85	1.29	1.02	1.09	3.72	1.52	0.78	0.44
17. OPERATING MARGINS/RATE BASE%	0.15	-1.33	0.68	1.83	0.65	0.91	5.25	1.90	0.46	-1.96
18. RATE OF RETURN ON RATE BASE%	3.21	1.83	3.70	4.50	3.40	3.56	7.60	4.62	2.87	0.31
19. PAT.CAP.RETIRED/TOT P.CAP.%	18.91	20.64	21.51	22.81	13.08	13.00	49.77	23.75	0.00	0.00
20. PAT.CAP.RETIRED/NET MARGINS%	42.97	32.73	35.89	28.66	8.93	6.49	99.53	35.89	0.00	0.00

CONSUMER RATIOS

21. AVG. TOTAL CONSUMERS SERVED	58058.00	59081.00	60128.00	11734.00	24427.50	26118.00	60128.00	49926.00	22580.00	3752.00
22. CONSUMERS / MILE (DENSITY)	9.38	9.40	9.44	5.82	8.68	8.78	12.74	10.19	7.20	5.51
23. CONSUMERS / EMPLOYEE	370.11	378.42	390.42	269.52	423.49	398.03	594.74	446.00	345.80	289.15
24. LONG TERM DEBT / CONSUMER \$	1174.60	1219.44	1335.01	1564.00	1361.65	1335.01	2132.48	1810.15	1105.99	11.16
25. DIST+GENERAL PLT/ CONSUMER \$	1987.71	2080.79	2155.99	3339.64	2620.80	2629.10	3622.76	2933.09	2360.26	2024.51
26. NET MARGINS / AVG.CONSUMER \$	81.16	38.42	18.64	83.48	20.28	30.53	98.51	53.50	18.39	-27.34
27. AVG.MO.KWH/RESID CONS EX SEAS	1089.81	1081.93	1079.08	1129.49	1180.98	1225.53	1333.73	1270.21	1088.18	1029.63
28. AVG.MO.KWH/RESID CONS	1089.81	1081.93	1079.08	1088.18	1137.66	1217.66	1333.73	1270.21	1079.08	1029.63
29. CUST. ACCT. EXP./ AVG.CONS \$	44.52	46.15	50.06	50.02	49.41	46.94	69.26	56.28	40.34	33.18
30. ADM. & GEN. EXP./ AVG.CONS \$	58.67	53.84	49.77	95.36	57.57	57.17	101.81	67.97	47.47	40.59
31. CUST SERV &INFO / AVG.CONS \$	9.77	11.03	7.10	9.63	7.40	7.10	21.26	8.21	3.67	0.49
32. O+M+A&G+CUST ACCT/AVG.CONS \$	220.97	230.87	223.91	317.01	237.69	238.85	388.52	281.85	228.34	188.88
33. PWR COST+TAX+DEP+INT/AVGCON\$	827.70	863.19	950.36	1081.73	1072.54	1081.73	5012.52	1508.33	950.36	707.67

## BSP Ratio Explanation

New BSP Number	Ratio Title	Item Derivation <u>All from RUS Form 7 unless otherwise noted</u>
1	TIER	$(A28b+A15b^*)/A15b^*$
2	Average TIER	Average of the 2 highest TIER values over the last 3 years.
3	OTIER	$(A20b+A15b^*+I2c(a))/A15b^*$
4	Average OTIER	Average of the 2 highest OTIER values over the last 3 years.
5	MTIER	$(A28b+A15b^*-A25b-A26b)/A15b^*$
6	DSC	$(A12b+A15b^*+A28b)/(N12d-N1d+RUS\ Debt\ Billed^{**}\ from\ RUS\ Debt\ Billed\ Files)$
7	Average DSC	Average of the 2 highest DSC values over the last 3 years.
8	ODSC	$(A12b+A15b^*+A20b+I2c(a))/N12d-N1d+RUS\ Debt\ Billed^{**}\ from\ RUS\ Debt\ Billed\ Files)$
9	Average DSC	Average of the 2 highest ODSC values over the last 3 years.
10	MDSC	$(A12b+A15b^*+A28b-A25b-A26b)/(N12d-N1d+RUS\ Debt\ Billed\ from\ RUS\ Debt\ Billed\ Files)$
11	PRR	$C3/[A1b-(A2b+A3b+A4b)]$
12	Equity Ratio %	$(C35/C28) \times 100$
13	Modified Equity Ratio %	$[(C35-C8)/C28] \times 100$
14	Operating Revenue Per Mile \$	A1b/B8b
15	General Funds/ Total Plant %	$[(C6+C9+C12+C13+C15+C18)/C3] \times 100$
16	Current Ratio	C25/C52
17	Operating Margins/ Rate Base %	$A20b \times 100/[C5+F1g+C23+(12/365 \times A3b)+(45/365 \times (A2b+A4b\ thru\ A10b))]$ Note: In leap years, the "365" figure in the above ratio changes to 366.
18	Rate of Return on rate base %	$(A20b+A15b+A16b+A17b+A18b) \times 100/[C5+F1g+C23+(12/365 \times A3b)+(45/365 \times (A2b+A4b\ thru\ A10b))]$ Note: In leap years, the "365" figure in above ratio changes to 366.
19	Pat Cap Retired/ Total Pat Cap %	$I1cb \times 100/(I1cb+C35)$
20	Pat Cap Retired/ Net Margins %	$I1ca \times 100/A28a$

42	Op Revenue/MWH (Total Sales) \$	$A1b/(O11(c)/1,000)$
43	Op Revenue Less Cost Power/MWH \$	$[A1b-(A2b+A3b+A4b)]/(O11(c)/1,000)$
44	Cost of Power/ MWH Sold \$	$(A2b+A3b+A4b)/(O11(c)/1,000)$
45	Comm+Ind+IRR MWH/Total MWH %	$[(O3b(c)+O4b(c)+O5b(c))/O11(c)] \times 100$
46	O&M+A&G+ Cust Acct Exp/ MWH \$	$(A5b+A6b+A7b+A10b)/O11(c)/1,000)$
47	Total Plant/1000 \$	$C3/1,000$
48	Total Plant/ MWH Sold \$	$C3/(O11(c)/1,000)$
49	Total Plant/ Mile of Line \$	$C3/B8b$
50	O&M Expense/ \$1,000 Total Plant \$	$(A5b+A6b)/(C3/1,000)$
51	Taxes/\$1,000 Total Plant	$(A13b+A14b)/(C3/1,000)$
52	Accum. Depreciation/ Plant in Service %	$(C4/C1) \times 100$
53	Net New Plant/ Total Plant %	$[(E9b-E9c+E9d)/E9a] \times 100$
54	Gen Plant/Cons \$	$E2e/O10(a)$
55	Hdqtr Plant/Cons \$	$E3e/O10(a)$
56	Long Term Debt/ Total Assets %	$(C41/C28) \times 100$
57	Int. L/T Debt/ Avg. L/T Debt	$[(A15b/(C41+C41 \text{ prior year})/2)] \times 100$
58	RUS Debt/ Total L/T Debt %	$[(C36+C37+C38+C39)/C41] \times 100$
59	Interest Expense/ Oper. Revenue %	$[(A15b+A16b)/A1b] \times 100$
60	Interest Expense/ Oper. Revenue less Power Cost %	$[(A15b+A16b)/(A1b-(A2b+A3b+A4b))] \times 100$
61	Cost of Power/ Oper. Revenue %	$[(A2b+A3b+A4b)/A1b] \times 100$
62	Electric Inventory Turnover Ratio	$F1d/[F1a+F1g]/2]$
63	Electric Inventory End of Year/ Total Plan %	$(F1g/C3) \times 100$

64	Construction WIP/ Plant Additions %	$(E8e/E7b) \times 100$
65	Net New Service/ Total Service %	$[(B1b-B2b)/B3b] \times 100$
66	Idle Service/ Total Service %	$(B4b/B3b) \times 100$
67	Annual Load Factor %	$[O15(c)+O16(c)+O18(c)]/(O19(c) \times 8760) \times 100$ Note: In leap years the figure "8760" in this ratio becomes "8784" (this is the number of hours in the year)
68	System Loss %	$[1-((O11(c)+O14(c))/(O15(c)+O16(c)+O18(c)))] \times 100$
69	Total Hours Outage Per Consumer	G1e
70	Amt over 60 Days/ Oper Revenue %	$(J1/A1b) \times 100$
71	Amount Written Off/ Oper. Revenue %	$(J2/A1b) \times 100$
72	Other Int. Income Less Expenses/ \$1,000 Plant	$(A21b-A17b)/(C3/1,000)$

NOTE: All fields have a numeric format and are displayed to 2 decimal places.

\*Interest on Long-Term Debt shall be increased by 1/3 of the amount, if any, by which the rentals of Restricted Property (Line L3 of Form 7) exceed 2% of Margins and Equities (line C35 of Form 7).

\*\*Debt Service Billed shall be increased by 1/3 of the amount, if any, by which the rentals of Restricted Property (line L3 of Form 7) exceed 2% of Margins and Equities (line C35 of Form 7).

DSC, MDSC & ODSC – Interest on long term debt and debt service are increased by allowance for excess rentals of restricted property as provided in the mortgage. This affects very few borrowers' calculations of TIER and DSC (ratios 1 through 10).

Note: The adjustments mentioned in \* and \*\* above are the same and can be calculated as:

$(L3-(.02 \times C35))/3$  but not less than zero; therefore, if the adjustment value is negative, then the adjustment is zero.

# CFC KRITA

South Kentucky Rural Electric Cooperative Corporation  
KY054

PRODUCED BY: CFC  
Woodland Park  
2201 Cooperative Way  
Herndon, VA 20171-3025  
1-800-424-2954

Year	System Value	US Total			State Grouping			Consumer Size			Major Current Power Supplier			Plant Growth (1999-2004)		
		Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank
<b>RATIO 1 --- AVERAGE TOTAL CONSUMERS SERVED</b>																
2000	55,799	11,183	818	44	24,037	23	1	47,117	43	7	22,049	16	1	15,340	133	7
2001	56,877	11,415	827	46	23,986	24	1	46,638	43	6	22,691	17	1	16,082	129	7
2002	58,058	11,545	821	45	25,084	23	1	47,338	42	1	23,498	16	1	16,169	125	10
2003	59,081	11,779	817	47	25,553	23	1	48,411	46	1	24,024	16	1	16,684	131	12
2004	60,128	12,167	818	48	26,118	23	1	83,796	48	48	24,428	16	1	17,337	130	13
<b>RATIO 2 --- TOTAL KWH SOLD (1,000)</b>																
2000	950,641	206,644	818	61	595,780	23	5	887,303	43	19	436,945	16	2	266,204	133	13
2001	985,426	214,126	827	64	520,827	24	5	912,898	43	18	454,106	17	2	278,597	129	10
2002	1,024,676	218,960	821	64	607,779	23	6	935,061	42	17	468,537	16	3	295,680	125	15
2003	1,037,801	224,215	817	65	594,991	23	6	927,505	46	16	481,017	16	3	313,417	131	14
2004	1,076,755	232,994	818	65	608,568	23	6	1,803,624	48	45	499,859	16	3	321,447	130	17
<b>RATIO 3 --- TOTAL UTILITY PLANT (1,000)</b>																
2000	105,456.42	38,050.29	823	109	57,987.44	23	5	127,888.23	43	38	53,402.45	16	3	47,311.52	134	22
2001	113,534.19	40,181.06	831	106	60,748.57	24	5	137,010.87	43	38	53,247.16	17	3	51,317.87	129	20
2002	119,553.20	42,396.81	823	105	65,441.95	23	6	141,295.34	42	35	59,480.54	16	4	52,313.35	125	23
2003	129,197.47	44,626.10	820	104	68,572.49	23	6	153,875.57	46	38	62,840.95	16	4	55,444.01	131	22
2004	137,486.29	46,942.59	818	102	73,516.43	23	6	260,825.55	48	48	67,087.02	16	4	58,035.36	130	26
<b>RATIO 4 --- TOTAL NUMBER OF EMPLOYEES (FULL TIME ONLY)</b>																
2000	167	43	811	45	72	23	2	142	43	8	57	16	1	47	131	6
2001	156	44	825	58	68	24	3	152	43	16	57	17	1	52	129	11
2002	158	44	821	55	72	23	2	143	42	12	58	16	1	55	125	11
2003	157	44	815	57	73	23	2	141	45	14	58	16	1	54	131	12
2004	155	45	818	58	73	23	2	222	48	42	59	16	1	60	130	16
<b>RATIO 5 --- TOTAL MILES OF LINE</b>																
2000	6,064	2,383	819	49	3,192	23	2	5,213	43	12	2,973	16	1	2,551	133	12
2001	6,149	2,411	829	51	3,159	24	2	5,223	43	12	2,978	17	1	2,653	129	12
2002	6,235	2,419	821	49	3,277	23	2	4,978	42	10	3,141	16	1	2,741	125	10
2003	6,321	2,459	817	51	3,324	23	2	5,130	46	13	3,181	16	1	2,835	131	11
2004	6,408	2,490	818	53	3,386	23	2	7,701	48	30	3,227	16	1	2,727	130	11
<b>RATIO 6 --- TIER</b>																
2000	1.67	2.03	821	567	1.60	23	9	1.89	43	28	1.64	16	6	2.08	134	55
2001	2.88	2.11	831	214	2.49	24	7	1.85	43	7	2.67	17	7	2.09	129	59
2002	2.62	2.30	823	325	2.80	23	15	2.11	42	10	3.24	16	15	2.43	126	60
2003	1.71	2.28	820	627	2.57	23	22	1.79	46	32	2.82	16	16	2.32	131	61
2004	1.34	2.33	818	745	1.59	23	18	1.99	48	46	1.38	16	11	2.25	130	66

BASE GROUP (RATIOS 1-5)

FINANCIAL (RATIOS 6-32)

Exhibit 17  
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**2004 Key Ratio and Analysis (KRTA)**  
**South Kentucky Rural Electric Cooperative Corporation (KY054)**

Year	System Value	US Total			State Grouping			Consumer Size			Major Current Power Supplier			Plant Growth (1999-2004)		
		Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank
<b>RATIO 7 ---- TIER (2 OF 3 YEAR HIGH AVERAGE)</b>																
2000	2.21	2.40	823	483	1.88	23	8	2.25	43	23	1.90	16	5	2.61	134	94
2001	2.47	2.29	831	352	2.19	24	6	2.21	43	14	2.34	17	5	2.34	129	55
2002	2.75	2.35	823	301	2.75	23	12	2.15	42	8	2.88	16	11	2.41	125	47
2003	2.75	2.42	820	321	2.90	23	14	2.12	46	11	3.07	16	13	2.43	131	49
2004	2.16	2.53	818	536	2.90	23	17	2.61	48	31	3.00	16	16	2.52	130	88
<b>RATIO 8 ---- OTIER</b>																
2000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2001	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2002	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2003	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2004	1.25	1.86	818	690	1.43	23	18	1.83	48	44	1.27	16	11	1.95	130	111
<b>RATIO 9 ---- OTIER (2 OF 3 YEAR HIGH AVERAGE)</b>																
2000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2001	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2002	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2003	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2004	1.25	1.86	818	690	1.43	23	18	1.83	48	44	1.27	16	11	1.95	130	111
<b>RATIO 10 ---- MODIFIED DSC (MDSC)</b>																
2000	1.54	2.00	821	682	1.91	23	19	2.13	43	40	1.78	16	12	2.16	134	122
2001	1.92	1.98	831	440	1.87	24	10	2.04	43	26	1.82	17	6	1.95	129	68
2002	1.61	2.02	823	664	1.97	23	22	1.96	42	34	1.95	16	15	2.10	126	107
2003	1.17	2.01	820	799	1.87	23	23	1.86	46	46	1.68	16	16	2.20	131	129
2004	1.48	1.92	818	689	1.70	23	17	2.01	48	44	1.52	16	11	1.94	130	114
<b>RATIO 11 ---- MDSC (2 OF 3 YEAR HIGH AVERAGE)</b>																
2000	2.25	2.17	823	379	2.12	23	9	2.28	43	26	2.01	16	5	2.38	134	79
2001	2.00	2.15	831	491	1.98	24	11	2.22	43	31	1.95	17	6	2.15	129	80
2002	1.77	2.15	823	632	1.95	23	18	2.18	42	35	1.87	16	11	2.22	125	100
2003	1.77	2.14	820	639	1.95	23	19	2.06	46	36	1.93	16	12	2.21	131	111
2004	1.55	2.12	818	747	1.94	23	22	2.33	48	48	1.84	16	15	2.29	130	122
<b>RATIO 12 ---- DEBT SERVICE COVERAGE (DSC)</b>																
2000	1.82	2.08	821	569	1.83	23	13	2.22	43	35	1.81	16	7	2.19	134	101
2001	2.63	2.08	831	204	2.39	24	7	2.20	43	9	2.52	17	7	2.12	129	32
2002	2.45	2.15	823	307	2.49	23	13	2.23	42	15	2.83	16	13	2.29	126	56
2003	1.82	2.13	820	577	2.25	23	22	1.99	46	31	2.36	16	16	2.32	131	122
2004	1.40	2.09	818	720	1.63	23	17	2.11	48	43	1.53	16	11	2.12	130	122

**2004 Key Ratio Trend Analysis (KRTA)  
South Kentucky Rural Electric Cooperative Corporation (KY054)**

Year	System Value	US Total			State Grouping			Consumer Size			Major Current Power Supplier			Plant Growth (1999-2004)		
		Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank
<b>RATIO 13 ---- DSC (2 OF 3 YEAR HIGH AVERAGE)</b>																
2000	2.25	2.30	823	436	2.12	23	8	2.47	43	29	2.04	16	5	2.55	134	88
2001	2.37	2.23	831	350	2.24	24	11	2.33	43	20	2.37	17	9	2.29	129	60
2002	2.54	2.28	823	285	2.45	23	9	2.34	42	15	2.53	16	8	2.37	125	49
2003	2.54	2.27	820	290	2.50	23	10	2.25	46	14	2.61	16	9	2.39	131	57
2004	2.13	2.30	818	479	2.41	23	17	2.47	48	36	2.46	16	15	2.39	130	83
<b>RATIO 14 ---- ODSC</b>																
2000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2001	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2002	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2003	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2004	1.44	1.85	818	677	1.61	23	17	1.92	48	43	1.48	16	11	1.83	130	110
<b>RATIO 15 ---- ODSC (2 OF 3 YEAR HIGH AVERAGE)</b>																
2000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2001	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2002	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2003	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2004	1.44	1.85	818	677	1.61	23	17	1.92	48	43	1.48	16	11	1.83	130	110
<b>RATIO 16 ---- EQUITY AS A % OF ASSETS</b>																
2000	41.95	42.88	821	442	37.93	23	5	40.95	43	20	37.93	16	2	45.92	134	88
2001	38.91	43.55	831	526	37.68	24	11	41.38	43	23	36.41	17	7	43.49	129	85
2002	37.29	43.34	823	573	39.28	23	13	38.46	42	24	39.28	16	9	43.66	126	86
2003	35.96	43.29	820	609	39.01	23	16	36.91	46	26	39.01	16	11	42.13	131	93
2004	33.96	42.78	818	641	38.01	23	16	38.54	48	31	37.43	16	11	42.08	130	100
<b>RATIO 17 ---- DISTRIBUTION EQUITY (EXCLUDES EQUITY IN ASSOC. ORG'S PATRONAGE CAPITAL)</b>																
2000	36.27	38.41	823	463	32.63	23	6	36.27	43	22	31.19	16	2	40.06	134	82
2001	31.98	38.32	831	591	31.24	24	11	36.14	43	28	30.02	17	6	37.94	129	93
2002	28.68	38.26	823	664	30.08	23	17	34.99	42	31	29.58	16	10	37.25	125	96
2003	25.73	38.49	820	729	30.39	23	19	31.98	46	36	28.91	16	12	36.44	131	115
2004	24.17	37.86	818	745	30.08	23	19	33.89	48	41	27.55	16	12	36.44	130	118
<b>RATIO 18 ---- EQUITY AS A % OF TOTAL CAPITALIZATION</b>																
2000	47.98	47.77	821	405	44.59	23	4	46.16	43	19	44.59	16	2	51.12	134	85
2001	43.40	48.20	831	525	42.42	24	10	45.31	43	23	42.17	17	7	48.29	129	87
2002	41.81	48.73	823	570	45.79	23	15	45.77	42	25	46.46	16	11	49.75	126	89
2003	40.92	48.60	820	595	44.41	23	16	43.61	46	26	44.41	16	11	47.55	131	95
2004	38.51	48.20	818	630	43.36	23	16	43.83	48	33	42.76	16	11	47.18	130	106

**2004 Key Ratio Ratio Analysis (KRTA)**  
**South Kentucky Rural Electric Cooperative Corporation (KY054)**

Year	System Value	US Total			State Grouping			Consumer Size			Major Current Power Supplier			Plant Growth (1999-2004)		
		Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank
<b>RATIO 19 ---- LONG TERM DEBT AS A % OF TOTAL ASSETS</b>																
2000	45.48	46.65	815	436	50.34	23	18	46.28	43	24	50.22	16	14	43.72	132	57
2001	50.76	46.62	823	304	50.68	24	12	48.70	43	17	50.76	17	9	46.43	127	39
2002	51.89	45.79	815	256	48.64	23	7	48.18	42	14	47.10	16	6	45.07	123	35
2003	51.92	45.72	813	242	48.71	23	8	48.90	46	18	49.38	16	6	44.75	130	39
2004	54.22	46.00	812	188	48.82	23	5	49.07	48	14	50.15	16	4	46.24	129	35
<b>RATIO 20 ---- LONG TERM DEBT PER KWH SOLD (MILLS)</b>																
2000	48.63	81.75	811	636	52.74	23	14	59.16	43	29	53.43	16	12	62.71	132	91
2001	61.69	82.31	820	548	54.05	24	10	62.57	43	23	57.21	17	8	80.15	127	85
2002	67.03	82.45	814	502	54.60	23	7	65.10	42	21	57.81	16	6	77.18	123	70
2003	69.81	84.35	811	507	59.47	23	8	75.44	46	26	64.82	16	7	79.06	130	73
2004	75.03	87.86	812	481	61.07	23	8	70.57	48	22	65.63	16	7	84.62	129	74
<b>RATIO 21 ---- LONG TERM DEBT PER CONSUMER (\$)</b>																
2000	828.57	1,443.07	810	689	1,198.24	23	22	1,273.18	43	35	1,203.18	16	16	1,212.77	131	108
2001	1,068.83	1,461.07	820	619	1,238.83	24	18	1,380.13	43	32	1,253.03	17	13	1,323.49	127	94
2002	1,183.10	1,463.29	814	560	1,171.00	23	11	1,376.54	42	27	1,177.05	16	8	1,439.74	123	81
2003	1,226.27	1,551.43	811	558	1,283.49	23	14	1,404.44	46	30	1,358.47	16	11	1,402.52	130	81
2004	1,343.60	1,607.37	812	539	1,343.60	23	12	1,461.48	48	28	1,371.05	16	9	1,562.11	129	81
<b>RATIO 22 ---- NON-GOVERNMENT DEBT AS A % OF TOTAL LONG TERM DEBT</b>																
2000	31.42	36.22	808	493	30.97	23	8	35.46	43	29	30.97	16	5	36.22	132	83
2001	23.27	40.59	815	662	41.54	24	22	41.80	43	42	44.71	17	17	43.95	127	112
2002	19.37	46.65	806	690	47.01	23	21	51.06	42	41	49.13	16	16	51.50	124	114
2003	17.74	55.18	802	717	59.39	22	22	71.60	46	46	61.56	16	16	54.48	130	123
2004	15.25	32.59	783	639	24.67	22	19	49.13	46	46	20.96	16	13	29.74	124	108
<b>RATIO 23 ---- BLENDED INTEREST RATE (%)</b>																
2000	5.32	5.55	812	531	5.54	23	21	5.63	43	39	5.59	16	14	5.61	132	103
2001	5.31	5.47	824	520	5.31	24	14	5.61	43	38	5.31	17	10	5.50	128	89
2002	4.49	5.01	814	611	4.62	23	15	5.24	42	39	4.52	16	9	5.06	124	98
2003	4.53	4.80	812	518	4.07	23	7	4.99	46	36	3.87	16	4	4.77	130	83
2004	4.18	4.58	811	558	3.74	23	8	4.98	48	37	3.56	16	4	4.69	129	90
<b>RATIO 24 ---- ANNUAL CAPITAL CREDITS RETIRED PER TOTAL EQUITY (%)</b>																
2000	3.35	2.31	628	191	0.93	15	4	2.24	34	10	0.90	13	3	2.85	96	39
2001	3.02	2.32	626	227	0.91	18	4	2.55	34	15	0.81	15	3	2.49	95	39
2002	4.66	2.34	622	73	0.85	15	2	2.66	31	7	0.82	13	1	2.20	90	7
2003	3.07	2.45	630	227	0.71	17	5	2.39	35	12	0.64	14	2	1.94	94	94
2004	1.61	2.43	633	418	1.61	17	9	2.19	37	24	0.93	14	6	2.22	94	94

**2004 Key Ratio and Analysis (KRTA)**  
**South Kentucky Rural Electric Cooperative Corporation (KY054)**

Year	System Value	US Total			State Grouping			Consumer Size			Major Current Power Supplier			Plant Growth (1999-2004)		
		Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank

**RATIO 25 --- LONG-TERM INTEREST AS A % OF REVENUE**

2000	4.55	5.80	813	565	15	23	5.19	23	15	4.98	43	25	5.36	16	13	5.51	133	78
2001	4.71	5.72	824	536	14	24	4.77	24	14	5.08	43	25	4.87	17	12	5.72	128	79
2002	4.72	5.15	814	470	10	23	3.93	23	10	4.76	42	23	4.72	16	8	4.90	124	67
2003	4.99	4.83	812	385	8	23	3.53	23	8	4.60	46	19	4.15	16	6	4.72	130	58
2004	4.58	4.75	811	430	8	23	3.70	23	8	4.29	48	19	3.85	16	6	4.73	129	71

**RATIO 26 --- CUMULATIVE PATRONAGE CAPITAL RETIRED AS A % OF TOTAL PATRONAGE CAPITAL**

2000	15.48	21.49	709	514	16	10	16.39	16	10	21.95	36	29	15.84	14	8	21.81	106	81
2001	16.51	22.22	711	506	18	8	15.98	18	8	22.31	36	27	15.30	15	5	20.88	111	79
2002	18.91	22.69	700	453	17	8	17.51	17	8	22.67	32	26	13.96	14	5	19.91	102	56
2003	20.64	23.38	699	431	17	8	18.88	17	8	23.78	35	27	13.13	14	5	20.26	108	52
2004	21.51	24.08	697	426	17	8	21.13	17	8	22.22	39	23	15.61	14	5	21.92	108	57

**RATIO 27 --- RATE OF RETURN ON EQUITY (%)**

2000	3.91	5.74	821	580	23	12	3.91	23	12	5.86	43	31	3.91	16	8	5.81	134	95
2001	11.47	6.01	831	84	24	10	10.51	24	10	6.02	43	4	11.65	17	10	5.89	129	11
2002	9.55	6.56	823	174	23	14	10.97	23	14	6.58	42	10	12.64	16	14	6.60	126	22
2003	4.52	5.85	820	558	23	20	7.55	23	20	5.58	46	28	8.79	16	16	5.69	131	88
2004	2.21	5.86	818	722	23	14	3.58	23	14	6.32	48	45	2.06	16	8	5.89	130	116

**RATIO 28 --- RATE OF RETURN ON TOTAL CAPITALIZATION (%)**

2000	4.69	5.51	821	570	23	13	4.79	23	13	5.55	43	34	4.80	16	9	5.51	134	93
2001	7.63	5.69	831	123	24	10	7.35	24	10	5.64	43	8	7.75	17	10	5.64	129	18
2002	6.46	5.69	823	265	23	16	6.89	23	16	5.79	42	13	8.32	16	16	5.75	126	42
2003	4.46	5.27	820	583	23	20	5.52	23	20	5.20	46	35	6.15	16	15	5.34	131	89
2004	3.36	5.12	818	711	23	13	3.43	23	13	5.44	48	45	3.16	16	7	5.07	130	113

**RATIO 29 --- CURRENT RATIO**

2000	1.10	1.46	823	552	23	10	0.97	23	10	1.07	43	20	0.95	16	7	1.19	134	79
2001	2.50	1.39	831	181	24	5	1.17	24	5	1.02	43	2	1.17	17	3	1.18	129	21
2002	2.56	1.32	823	141	23	2	1.04	23	2	0.92	42	2	0.99	16	1	1.15	125	16
2003	1.65	1.29	820	272	23	8	1.11	23	8	0.88	46	6	1.10	16	6	1.13	131	33
2004	1.85	1.27	818	218	23	5	1.09	23	5	1.08	48	5	1.02	16	4	1.17	130	36

**RATIO 30 --- GENERAL FUNDS PER TUP (%)**

2000	1.06	3.72	823	701	23	14	1.39	23	14	3.11	43	36	1.04	16	8	3.13	134	110
2001	10.14	3.97	831	159	24	3	2.77	24	3	2.65	43	4	2.22	17	2	3.17	129	28
2002	14.35	3.98	823	89	23	2	2.71	23	2	3.19	42	2	1.96	16	1	3.34	125	17
2003	10.43	3.74	820	115	23	3	3.74	23	3	3.36	46	2	2.02	16	2	3.60	131	38
2004	9.15	3.77	818	155	23	3	2.21	23	3	2.79	48	10	1.86	16	2	3.99	130	38

**2004 Key Ratio Trend Analysis (KRTA)**  
**South Kentucky Rural Electric Cooperative Corporation (KY054)**

Year	System Value	US Total			State Grouping			Consumer Size			Major Current Power Supplier			Plant Growth (1999-2004)		
		Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank
<b>RATIO 31 --- PLANT REVENUE RATIO (PRR) ONE YEAR</b>																
2000	6.05	6.29	823	508	5.95	23	11	6.21	43	23	6.00	16	8	6.18	134	74
2001	5.57	6.27	831	651	5.84	24	19	6.07	43	35	5.84	17	13	6.13	129	101
2002	5.98	6.19	823	479	6.06	23	14	6.00	42	23	6.02	16	9	6.07	125	67
2003	6.50	6.32	820	353	6.19	23	8	6.20	46	15	6.26	16	6	6.21	131	55
2004	6.26	6.45	818	461	6.26	23	11	6.08	48	21	6.37	16	9	6.23	130	62
<b>RATIO 32 --- INVESTMENT IN SUBSIDIARIES TO TOTAL ASSETS (%)</b>																
2000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2001	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2002	0.16	0.63	230	148	0.16	11	6	0.63	14	11	0.33	8	5	0.14	47	23
2003	0.20	0.58	242	151	0.40	10	7	0.89	14	11	0.61	7	5	0.29	39	24
2004	0.12	0.63	247	169	0.43	10	8	0.62	20	15	0.58	7	6	0.39	39	24

**REVENUE & MARGINS (RATIOS 33-59)**

<b>RATIO 33 --- TOTAL OPERATING REVENUE PER KWH SOLD (MILLS)</b>																
2000	57.74	72.68	816	720	58.24	23	13	69.03	43	38	57.01	16	7	69.59	133	116
2001	61.22	74.29	827	706	61.22	24	12	71.39	43	38	59.68	17	7	74.20	129	116
2002	60.20	74.19	821	729	58.93	23	11	70.12	42	35	58.55	16	6	72.86	126	111
2003	61.70	76.78	817	719	61.54	23	11	73.22	46	41	60.62	16	6	75.76	131	122
2004	66.79	78.83	818	665	65.50	23	10	79.13	48	43	63.95	16	6	77.42	130	110
<b>RATIO 34 --- TOTAL OPERATING REVENUE PER TUP INVESTMENT (CENTS)</b>																
2000	52.05	38.53	821	127	50.55	23	10	49.52	43	19	49.91	16	5	42.36	134	27
2001	53.14	39.03	831	122	53.14	24	12	47.81	43	17	51.83	17	7	40.87	129	18
2002	51.59	39.01	823	138	51.59	23	12	48.63	42	17	51.01	16	7	41.93	126	29
2003	49.56	38.66	820	162	50.93	23	13	45.32	46	17	49.56	16	8	41.31	131	30
2004	52.31	38.58	818	133	52.31	23	12	51.78	48	24	50.54	16	7	40.93	130	28
<b>RATIO 35 --- TOTAL OPERATING REVENUE PER CONSUMER (\$)</b>																
2000	983.67	1,335.62	818	736	1,144.49	23	21	1,422.37	43	42	1,096.48	16	15	1,295.69	133	114
2001	1,060.71	1,366.83	827	713	1,215.45	24	22	1,443.07	43	42	1,191.24	17	16	1,266.63	129	110
2002	1,062.41	1,422.03	821	729	1,245.92	23	21	1,464.81	42	41	1,221.27	16	15	1,381.08	125	111
2003	1,083.78	1,450.10	817	728	1,273.29	23	21	1,492.78	46	44	1,253.43	16	15	1,402.61	131	117
2004	1,196.06	1,499.83	818	664	1,348.81	23	20	1,567.44	48	45	1,336.88	16	14	1,488.29	130	97
<b>RATIO 36 --- ELECTRIC REVENUE PER KWH SOLD (MILLS)</b>																
2000	56.35	71.69	816	724	57.40	23	13	67.96	43	38	55.90	16	7	68.10	133	116
2001	59.67	73.15	827	713	59.67	24	12	69.51	43	37	58.32	17	7	73.15	129	110
2002	58.73	72.95	821	729	57.42	23	11	69.05	42	36	57.08	16	6	71.62	126	111
2003	60.17	75.30	817	721	59.74	23	11	70.74	46	40	59.46	16	6	74.63	131	117
2004	65.24	77.27	818	671	63.65	23	10	76.93	48	43	62.62	16	6	75.81	130	99

**2004 Key Ratio Ratio Analysis (KRTA)**  
**South Kentucky Rural Electric Cooperative Corporation (KY054)**

Year	System Value	US Total			State Grouping			Consumer Size			Major Current Power Supplier			Plant Growth (1999-2004)		
		Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank
<b>RATIO 37 ---- ELECTRIC REVENUE PER CONSUMER (\$)</b>																
2000	959.95	1,311.48	817	740	1,111.34	23	21	1,394.95	43	42	1,074.94	16	15	1,271.03	132	118
2001	1,033.86	1,343.88	827	721	1,186.05	24	22	1,407.97	43	42	1,166.23	17	16	1,244.96	129	111
2002	1,036.62	1,394.32	821	732	1,219.42	23	21	1,442.84	42	41	1,192.46	16	15	1,337.24	125	110
2003	1,056.93	1,422.65	817	737	1,248.36	23	21	1,460.91	46	44	1,225.65	16	15	1,370.82	131	120
2004	1,168.33	1,467.93	818	688	1,319.21	23	20	1,522.08	48	45	1,310.72	16	14	1,450.00	130	99
<b>RATIO 38 ---- RESIDENTIAL REVENUE PER KWH SOLD (MILLS)</b>																
2000	58.62	76.15	815	762	62.89	23	17	74.70	43	42	61.30	16	10	73.01	132	122
2001	61.84	78.08	826	767	64.73	24	16	74.62	43	41	63.05	17	11	77.27	129	123
2002	60.54	78.62	821	779	62.19	23	17	74.88	42	41	62.19	16	11	76.86	126	120
2003	62.36	81.23	817	773	64.07	23	18	78.03	46	44	64.07	16	12	79.19	131	127
2004	67.98	83.39	818	735	68.49	23	13	84.07	48	45	68.24	16	9	80.88	130	118
<b>RATIO 39 ---- NON-RESIDENTIAL REVENUE PER KWH SOLD (MILLS)</b>																
2000	51.28	63.56	817	682	51.28	23	12	61.15	43	33	49.50	16	7	60.10	133	103
2001	55.12	64.85	825	634	54.16	24	10	63.45	43	33	51.10	17	6	65.17	129	106
2002	54.85	65.18	819	645	54.00	23	11	62.49	42	32	51.81	16	6	64.35	125	98
2003	55.48	67.17	815	646	54.45	23	11	64.41	46	34	54.06	16	6	65.67	131	109
2004	59.74	68.69	815	588	58.77	23	11	65.91	48	37	57.08	16	6	69.14	130	95
<b>RATIO 42 ---- SMALL COMMERCIAL REVENUE PER KWH SOLD (MILLS)</b>																
2000	55.87	70.93	816	730	59.51	23	15	71.16	43	41	56.10	16	9	70.18	132	111
2001	58.79	72.88	825	721	60.24	24	16	72.97	43	39	59.55	17	11	72.81	129	116
2002	57.30	73.16	819	753	59.96	23	19	70.90	42	40	58.84	16	13	71.51	125	117
2003	60.38	75.52	815	714	61.76	23	15	73.59	46	43	61.38	16	10	74.68	131	118
2004	67.94	77.00	815	611	66.27	23	10	76.69	48	41	64.89	16	5	75.71	130	91
<b>RATIO 43 ---- LARGE COMMERCIAL REVENUE PER KWH SOLD (MILLS)</b>																
2000	39.86	48.86	644	521	39.73	23	11	47.99	40	29	38.64	16	6	48.49	112	88
2001	44.41	51.04	650	457	43.00	24	10	49.78	39	26	42.56	17	6	50.45	106	81
2002	43.70	50.40	656	486	42.74	23	11	50.46	39	28	41.54	16	7	46.29	103	64
2003	44.20	51.74	656	494	43.05	22	10	49.98	42	30	43.05	16	7	51.36	107	81
2004	47.07	52.94	656	460	47.27	22	12	50.88	46	27	47.27	16	9	52.78	106	76
<b>RATIO 45 ---- STREET &amp; HIGHWAY LIGHTING REVENUE PER KWH SOLD (MILLS)</b>																
2000	51.56	97.65	582	558	87.83	18	17	99.03	34	34	88.61	11	11	87.99	96	92
2001	55.24	100.97	598	570	91.04	19	19	108.29	37	37	95.97	12	12	102.06	101	96
2002	53.88	102.22	596	571	93.55	18	18	103.91	34	34	91.44	11	11	101.37	90	88
2003	55.76	106.06	589	559	100.16	18	17	100.42	38	37	93.75	11	11	103.17	92	90
2004	60.89	108.99	587	544	100.60	18	17	132.63	41	40	97.40	11	11	115.50	95	90

**2004 Key Ratio and Analysis (KRTA)**  
**South Kentucky Rural Electric Cooperative Corporation (KY054)**

Year	System Value	US Total			State Grouping			Consumer Size			Major Current Power Supplier			Plant Growth (1999-2004)		
		Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank
<b>RATIO 46 ---- OTHER SALES TO PUBLIC AUTHORITIES REVENUE PER KWH SOLD (MILLS)</b>																
2000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2001	62.72	80.32	305	256	64.63	2	2	75.18	18	16	64.63	2	2	80.49	56	51
2002	61.49	80.14	298	259	63.03	2	2	69.80	18	16	63.03	2	2	80.70	50	47
2003	62.97	82.24	298	259	64.76	2	2	72.98	17	15	64.76	2	2	80.58	51	45
2004	68.40	85.86	295	234	69.01	2	2	79.68	20	16	69.01	2	2	84.57	49	40
<b>RATIO 47 ---- OPERATING MARGINS PER KWH SOLD (MILLS)</b>																
2000	0.52	2.29	818	657	1.10	23	19	2.06	43	35	1.11	16	13	2.16	133	113
2001	1.65	2.81	827	548	1.23	24	10	1.72	43	25	1.27	17	8	2.50	129	85
2002	0.14	3.42	821	750	1.54	23	21	2.33	42	38	2.00	16	16	2.92	125	115
2003	-1.34	2.91	817	788	1.39	23	23	1.76	46	46	1.31	16	16	2.83	131	127
2004	0.71	2.73	818	673	0.77	23	13	2.85	48	42	0.70	16	7	2.69	130	107
<b>RATIO 48 ---- OPERATING MARGINS PER CONSUMER (\$)</b>																
2000	8.87	44.12	818	664	27.13	23	20	38.58	43	36	20.71	16	13	48.40	133	112
2001	28.62	50.07	827	565	28.12	24	12	39.64	43	31	28.62	17	9	42.32	129	82
2002	2.45	63.53	821	749	44.02	23	21	50.99	42	38	45.10	16	16	60.76	125	114
2003	-23.62	55.91	817	788	36.72	23	22	35.10	46	46	21.58	16	15	52.92	131	128
2004	12.75	54.10	818	683	16.74	23	16	54.50	48	42	12.76	16	9	51.92	130	108
<b>RATIO 49 ---- NON-OPERATING MARGINS PER KWH SOLD (MILLS)</b>																
2000	1.05	0.66	816	264	0.21	23	2	0.44	43	6	0.18	16	1	0.45	133	27
2001	0.31	0.53	827	555	0.23	24	9	0.23	43	18	0.16	17	6	0.41	129	81
2002	0.47	0.42	819	372	0.14	23	4	0.20	42	8	0.14	16	2	0.43	126	57
2003	0.33	0.39	817	464	0.25	23	6	0.20	46	9	0.25	16	4	0.35	131	69
2004	0.24	0.45	818	574	0.24	23	13	0.20	48	22	0.25	16	10	0.45	130	89
<b>RATIO 50 ---- NON-OPERATING MARGINS PER CONSUMER (\$)</b>																
2000	17.87	11.44	818	299	5.61	23	2	8.52	43	9	3.57	16	1	8.37	133	32
2001	5.35	9.62	827	575	4.31	24	10	5.35	43	22	3.18	17	5	7.29	129	83
2002	8.27	7.69	819	381	2.74	23	5	4.42	42	8	2.57	16	3	8.03	125	61
2003	5.81	7.39	817	484	5.46	23	9	3.62	46	14	4.64	16	6	6.43	131	75
2004	4.25	8.44	818	586	4.58	23	16	4.33	48	26	4.52	16	11	8.52	130	94
<b>RATIO 51 ---- TOTAL MARGINS LESS ALLOCATIONS PER KWH SOLD (MILLS)</b>																
2000	1.57	3.24	816	601	1.52	23	10	2.58	43	31	1.54	16	7	2.65	133	97
2001	1.96	3.38	827	582	1.77	24	11	1.94	43	21	1.77	17	8	3.00	129	89
2002	0.61	3.85	821	734	1.74	23	17	2.68	42	35	2.67	16	13	3.52	126	115
2003	-1.01	3.46	817	787	1.62	23	23	1.94	46	45	1.61	16	16	3.27	131	131
2004	0.95	3.32	818	707	1.04	23	15	2.88	48	43	0.97	16	9	2.97	130	130

**2004 Key Ratio and Analysis (KRTA)**  
**South Kentucky Rural Electric Cooperative Corporation (KY054)**

Year	System Value	US Total			State Grouping			Consumer Size			Major Current Power Supplier			Plant Growth (1999-2004)		
		Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank
<b>RATIO 52 ---- TOTAL MARGINS LESS ALLOCATIONS PER CONSUMER (\$)</b>																
2000	26.74	62.18	818	610	31.93	23	16	49.55	43	34	28.67	16	9	60.10	133	97
2001	33.97	62.63	827	606	38.45	24	13	41.14	43	28	33.97	17	9	52.59	129	90
2002	10.72	72.37	821	741	39.81	23	21	54.28	42	37	53.58	16	15	68.50	125	116
2003	-17.81	66.25	817	789	45.88	23	23	39.80	46	45	25.78	16	16	60.37	131	128
2004	17.00	63.66	818	712	29.30	23	16	56.45	48	43	18.41	16	9	56.36	130	113
<b>RATIO 53 ---- INCOME (LOSS) FROM EQUITY INVESTMENTS PER CONSUMER (\$)</b>																
2000	7.39	-2.53	202	24	-1.74	11	1	-2.17	12	1	-4.01	8	1	-2.02	34	4
2001	-2.39	-2.45	221	109	-4.36	10	4	-4.86	14	6	-3.50	9	4	-2.35	34	18
2002	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2003	1.06	0.08	242	92	0.57	10	5	-0.79	15	6	1.53	8	5	0.43	36	14
2004	-1.58	0.16	242	161	0.30	8	7	-1.79	18	9	-0.24	7	6	0.07	37	26
<b>RATIO 54 ---- ASSOCIATED ORGANIZATION'S CAPITAL CREDITS PER KWH SOLD (MILLS)</b>																
2000	0.19	0.72	758	626	0.19	19	10	0.36	38	32	0.19	16	8	0.64	118	95
2001	3.47	0.99	765	111	3.35	21	7	0.82	40	4	3.42	17	7	1.19	123	21
2002	3.99	0.92	761	54	3.70	21	5	0.65	38	4	3.94	16	5	0.99	116	5
2003	3.20	0.92	764	63	2.98	22	7	0.54	42	3	3.14	16	7	1.18	116	7
2004	0.09	0.98	770	689	0.12	21	13	0.62	44	39	0.13	16	11	0.88	117	105
<b>RATIO 55 ---- ASSOCIATED ORGANIZATION'S CAPITAL CREDITS PER CONSUMER (\$)</b>																
2000	3.17	12.72	761	626	3.72	19	15	7.51	38	32	3.87	16	13	11.09	119	97
2001	60.05	17.98	765	119	62.63	21	13	15.36	40	4	66.80	17	13	19.17	123	18
2002	70.44	16.88	761	80	73.27	21	12	13.87	38	6	77.58	16	12	17.62	115	10
2003	56.23	16.68	764	103	57.07	22	12	10.50	42	6	61.64	16	12	19.75	116	9
2004	1.64	16.82	770	703	2.50	21	16	10.60	44	39	2.60	16	13	15.20	117	108
<b>RATIO 56 ---- TOTAL MARGINS PER KWH SOLD (MILLS)</b>																
2000	1.76	4.28	816	686	1.68	23	10	3.21	43	33	1.70	16	7	3.72	133	109
2001	5.43	4.84	827	358	4.51	24	9	3.26	43	10	5.43	17	9	4.64	129	55
2002	4.60	5.08	821	467	4.60	23	12	4.01	42	14	6.60	16	12	4.60	126	63
2003	2.19	4.58	817	683	3.50	23	20	2.96	46	33	4.39	16	16	4.32	131	113
2004	1.04	4.71	818	758	1.08	23	15	3.64	48	45	1.06	16	9	4.51	130	117
<b>RATIO 57 ---- TOTAL MARGINS PER CONSUMER (\$)</b>																
2000	29.91	79.75	818	695	34.21	23	15	61.84	43	36	31.82	16	9	73.42	133	112
2001	94.02	87.64	827	375	92.75	24	12	61.48	43	14	105.34	17	12	81.03	129	55
2002	81.16	100.54	821	496	106.10	23	16	75.55	42	19	136.08	16	16	92.55	125	76
2003	38.42	88.12	817	696	81.29	23	21	57.39	46	37	91.71	16	16	82.40	131	113
2004	18.64	87.31	818	765	30.53	23	17	74.65	48	45	20.28	16	10	77.08	130	111

**2004 Key Ratio Trend Analysis (KRTA)**  
**South Kentucky Rural Electric Cooperative Corporation (KY054)**

Year	System Value	US Total			State Grouping			Consumer Size			Major Current Power Supplier			Plant Growth (1999-2004)		
		Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank
<b>RATIO 58 ---- A/R OVER 60 DAYS AS A % OF OPERATING REVENUE</b>																
2000	0.32	0.25	799	332	0.14	23	4	0.25	43	19	0.14	16	3	0.20	130	43
2001	0.31	0.27	811	367	0.16	24	5	0.28	43	19	0.16	17	3	0.27	128	54
2002	0.29	0.25	807	358	0.13	23	4	0.23	41	17	0.11	16	3	0.25	125	50
2003	0.31	0.23	804	311	0.13	23	5	0.21	44	20	0.13	16	4	0.22	130	44
2004	0.30	0.22	797	309	0.11	23	6	0.28	48	22	0.10	16	5	0.19	130	48
<b>RATIO 59 ---- AMOUNT WRITTEN OFF AS A % OF OPERATING REVENUE</b>																
2000	0.13	0.18	783	511	0.22	23	19	0.26	43	38	0.26	16	15	0.20	128	97
2001	0.29	0.21	795	276	0.35	24	15	0.35	42	28	0.36	17	12	0.29	125	63
2002	0.28	0.21	792	284	0.33	23	15	0.31	41	24	0.34	16	12	0.25	125	52
2003	0.17	0.21	791	472	0.34	23	19	0.29	44	38	0.44	16	15	0.24	130	88
2004	0.21	0.20	787	374	0.26	23	17	0.25	46	32	0.37	16	14	0.23	125	67

**SALES (RATIOS 60-76)**

<b>RATIO 60 ---- TOTAL MWH SOLD PER MILE OF LINE</b>																
2000	156.77	92.20	816	203	195.47	23	16	178.24	43	30	176.57	16	10	107.53	132	41
2001	160.26	92.96	827	199	189.76	24	15	179.30	43	28	160.26	17	9	100.18	129	30
2002	164.35	95.78	821	197	189.85	23	14	191.28	42	29	174.61	16	9	114.25	125	37
2003	164.19	96.01	817	201	185.52	23	14	184.45	46	29	173.63	16	9	113.80	131	36
2004	168.04	98.70	818	202	187.93	23	14	235.60	48	40	177.44	16	9	118.72	130	38
<b>RATIO 61 ---- AVERAGE RESIDENTIAL USAGE KWH PER MONTH</b>																
2000	1,043.29	1,111.44	815	487	1,193.15	23	18	1,220.67	43	37	1,183.91	16	12	1,131.95	132	87
2001	1,058.58	1,113.13	826	499	1,182.55	24	20	1,214.89	43	35	1,160.97	17	14	1,123.60	129	84
2002	1,089.81	1,154.80	821	503	1,246.43	23	21	1,261.63	42	33	1,226.42	16	15	1,171.42	126	84
2003	1,081.93	1,136.65	817	484	1,215.29	23	18	1,229.66	46	33	1,202.14	16	12	1,155.38	131	84
2004	1,079.08	1,136.19	818	489	1,225.53	23	19	1,227.90	48	40	1,180.99	16	13	1,181.20	130	89
<b>RATIO 64 ---- AVERAGE SMALL COMMERCIAL KWH USAGE PER MONTH</b>																
2000	5,148.52	3,267.01	816	183	4,923.10	23	11	3,381.46	43	8	5,277.24	16	10	3,145.12	132	27
2001	5,166.34	3,237.58	825	187	4,297.44	24	9	3,687.64	43	10	5,166.34	17	9	3,142.89	129	23
2002	5,530.18	3,266.21	819	160	4,775.79	23	7	3,316.99	42	8	4,909.41	16	7	3,468.22	125	25
2003	4,714.98	3,252.23	815	200	4,044.62	23	10	3,403.33	46	9	4,744.84	16	9	3,208.95	131	28
2004	4,379.35	3,233.06	815	238	3,891.32	23	11	3,621.70	48	18	4,616.99	16	10	3,090.46	130	32
<b>RATIO 65 ---- AVERAGE LARGE COMMERCIAL KWH USAGE PER MONTH</b>																
2000	638,946.97	436,986.11	643	240	1,224,733.33	23	20	762,595.91	40	27	1,259,450.00	16	14	465,402.78	112	16
2001	578,715.28	426,619.79	650	264	1,224,216.67	24	22	717,479.17	39	29	1,238,850.00	17	16	383,875.00	106	12
2002	392,500.00	435,783.33	655	355	1,295,333.33	23	21	830,194.44	39	32	1,309,183.33	16	15	421,392.86	103	16
2003	603,559.52	435,465.28	656	262	1,165,914.06	22	18	813,833.33	42	25	1,165,914.06	16	12	415,802.85	107	10
2004	782,088.89	480,248.66	656	225	1,229,834.70	22	16	520,922.16	46	15	1,201,835.36	16	12	426,625.00	106	14

2004 Key Ratio and Analysis (KRTA)  
 South Kentucky Rural Electric Cooperative Corporation (KY054)

Year	System Value	US Total			State Grouping			Consumer Size			Major Current Power Supplier			Plant Growth (1999-2004)		
		Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank
<b>RATIO 66 --- AVERAGE STREET &amp; HIGHWAY LIGHTING KWH USAGE PER MONTH</b>																
2000	2,636.36	1,590.42	580	204	2,163.11	18	7	1,961.26	34	13	2,055.56	11	4	1,955.37	96	39
2001	2,642.86	1,717.32	596	225	2,119.44	19	9	2,101.19	37	15	2,039.14	12	5	1,624.37	101	31
2002	2,958.33	1,671.28	594	195	2,452.75	18	8	2,196.91	34	13	2,329.17	11	5	1,717.01	90	28
2003	2,966.67	1,666.67	583	193	2,554.94	18	8	1,806.45	37	12	2,638.89	11	5	1,814.68	92	32
2004	3,012.50	1,666.67	585	185	2,355.77	18	8	2,981.74	41	20	2,261.90	11	5	1,528.57	95	29
<b>RATIO 68 --- AVERAGE SALES TO PUBLIC AUTHORITIES KWH USAGE PER MONTH</b>																
2000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2001	1,168.75	1,662.22	299	206	2,421.24	2	2	1,992.59	18	15	2,421.24	2	2	1,383.37	55	36
2002	1,194.99	1,719.30	295	202	2,590.61	2	2	2,767.18	18	15	2,590.61	2	2	1,670.93	50	35
2003	1,216.72	1,768.84	296	200	2,751.76	2	2	2,398.03	17	13	2,751.76	2	2	1,518.59	50	36
2004	1,276.37	1,796.80	293	198	2,918.10	2	2	4,108.67	19	18	2,918.10	2	2	1,491.02	48	30
<b>RATIO 69 --- RESIDENTIAL KWH SOLD PER TOTAL KWH SOLD (%)</b>																
2000	68.96	63.79	817	318	63.09	23	9	66.61	43	20	68.86	16	8	65.74	132	61
2001	67.78	63.24	826	342	61.72	24	10	66.28	43	19	67.78	17	9	68.91	129	72
2002	68.35	63.09	821	326	61.44	23	8	62.57	42	16	66.85	16	7	66.70	125	58
2003	68.20	62.48	817	322	61.37	23	9	64.60	46	18	67.62	16	8	66.60	131	62
2004	66.72	61.86	818	332	60.83	23	9	65.43	48	22	65.91	16	8	66.86	130	68
<b>RATIO 72 --- SMALL COMMERCIAL KWH SOLD PER TOTAL KWH SOLD (%)</b>																
2000	22.09	16.61	816	242	16.59	23	5	15.76	43	11	15.81	16	3	16.30	132	30
2001	22.78	17.01	825	228	16.19	24	4	16.30	43	11	15.45	17	2	16.34	129	31
2002	24.68	16.68	819	194	16.62	23	2	16.95	42	10	16.60	16	2	16.47	125	26
2003	21.01	16.64	815	276	16.50	23	7	17.29	46	17	15.42	16	4	17.02	131	46
2004	19.16	16.91	815	339	16.51	23	8	18.95	48	24	15.21	16	5	15.95	130	47
<b>RATIO 73 --- LARGE COMMERCIAL KWH SOLD PER TOTAL KWH SOLD (%)</b>																
2000	8.87	12.23	644	389	20.03	23	17	11.92	40	29	13.87	16	11	11.22	112	69
2001	8.46	11.90	650	406	19.87	24	18	12.15	39	28	16.43	17	12	8.97	106	59
2002	5.98	11.77	656	486	19.02	23	19	13.53	39	32	13.34	16	13	11.70	103	71
2003	9.77	12.50	656	379	21.80	22	16	12.53	42	27	16.03	16	10	11.42	107	59
2004	13.07	13.00	656	327	23.01	22	15	12.72	46	22	16.68	16	9	10.91	106	40
<b>RATIO 74 --- STREET &amp; HIGHWAY LIGHTING KWH SOLD PER TOTAL KWH SOLD (%)</b>																
2000	0.07	0.13	583	386	0.08	18	11	0.13	34	22	0.07	11	6	0.11	97	61
2001	0.07	0.13	599	413	0.09	19	12	0.13	37	25	0.08	12	7	0.11	101	64
2002	0.07	0.13	596	402	0.09	18	12	0.13	34	25	0.08	11	7	0.11	90	65
2003	0.07	0.13	589	400	0.09	18	12	0.13	38	28	0.08	11	7	0.13	92	80
2004	0.07	0.13	587	403	0.09	18	12	0.22	41	34	0.08	11	7	0.11	95	81

2004 Key Ratio and Analysis (KRTA)  
 South Kentucky Rural Electric Cooperative Corporation (KY054)

Year	US Total			State Grouping			Consumer Size			Major Current Power Supplier			Plant Growth (1999-2004)			
	System Value	Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank
<b>RATIO 76 ---- SALES TO PUBLIC AUTHORITIES PER TOTAL KWH SOLD (%)</b>																
2000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2001	0.91	0.92	305	156	0.73	2	1	0.79	18	9	0.73	2	1	0.86	56	27
2002	0.92	0.98	298	155	0.75	2	1	1.07	18	10	0.75	2	1	0.86	50	24
2003	0.95	0.99	299	153	0.79	2	1	0.95	17	9	0.79	2	1	1.12	51	28
2004	0.98	0.99	296	149	0.80	2	1	1.02	20	12	0.80	2	1	0.98	49	25

**CONTROLLABLE EXPENSES (RATIOS 77-87)**

<b>RATIO 77 ---- O &amp; M EXPENSES PER TOTAL KWH SOLD (MILLS)</b>																
2000	6.78	7.99	816	521	5.46	23	6	6.46	43	20	5.65	16	4	7.23	133	75
2001	7.01	8.40	827	540	5.73	24	8	6.54	43	18	5.73	17	6	8.60	129	96
2002	6.67	8.52	821	571	5.87	23	9	6.70	42	22	5.87	16	6	8.00	126	80
2003	7.45	8.79	817	537	6.26	23	7	6.91	46	18	6.40	16	4	8.53	131	89
2004	6.93	9.12	818	585	6.29	23	9	6.28	48	19	6.36	16	6	8.71	130	93

<b>RATIO 78 ---- O &amp; M EXPENSES PER DOLLARS OF TUP (MILLS)</b>																
2000	61.15	42.37	821	63	46.12	23	3	45.79	43	5	45.43	16	1	44.89	134	16
2001	60.83	42.48	831	71	48.23	24	4	42.28	43	4	45.61	17	2	46.19	129	14
2002	57.20	42.85	823	109	48.43	23	5	44.18	42	5	48.58	16	3	44.20	126	15
2003	59.85	44.05	820	77	47.66	23	6	47.66	46	5	48.69	16	4	44.75	131	14
2004	54.27	43.49	818	157	50.42	23	9	42.33	48	9	49.88	16	5	43.82	130	27

<b>RATIO 79 ---- O &amp; M EXPENSES PER CONSUMER (\$)</b>																
2000	115.56	144.58	818	632	115.56	23	12	125.99	43	28	113.12	16	6	134.59	133	93
2001	121.42	149.12	827	620	120.73	24	12	130.43	43	26	119.18	17	8	146.12	129	100
2002	117.78	158.46	821	677	125.34	23	16	135.34	42	33	121.33	16	10	149.13	125	103
2003	130.89	164.76	817	620	131.28	23	13	138.24	46	32	128.13	16	8	155.75	131	91
2004	124.08	169.06	818	685	138.30	23	18	125.74	48	26	132.60	16	11	160.49	130	108

<b>RATIO 80 ---- CONSUMER ACCOUNTING EXPENSES PER TOTAL KWH SOLD (MILLS)</b>																
2000	2.45	2.44	816	403	1.91	23	5	2.38	43	20	2.16	16	4	2.40	133	64
2001	2.55	2.55	827	413	2.08	24	8	2.43	43	18	2.24	17	6	2.66	129	73
2002	2.52	2.52	821	410	1.93	23	7	2.34	42	16	2.01	16	5	2.37	126	58
2003	2.63	2.63	817	410	1.95	23	8	2.40	46	19	2.24	16	6	2.74	131	70
2004	2.80	2.72	818	384	2.05	23	6	2.57	48	18	2.22	16	4	2.85	130	67

<b>RATIO 81 ---- CONSUMER ACCOUNTING EXPENSES PER CONSUMER (\$)</b>																
2000	41.70	43.90	816	480	41.87	23	13	45.82	43	32	41.87	16	9	43.11	133	73
2001	44.11	46.66	827	489	44.11	24	12	49.43	43	33	42.19	17	8	46.88	129	76
2002	44.52	48.17	821	495	44.52	23	12	49.55	42	31	44.08	16	7	48.37	126	77
2003	46.15	49.41	817	494	46.15	23	12	49.59	46	34	46.15	16	8	49.92	131	79
2004	50.06	50.31	818	418	46.94	23	9	50.55	48	27	49.41	16	8	51.17	130	80

**2004 Key Ratio and Analysis (KRTA)**  
**South Kentucky Rural Electric Cooperative Corporation (KY054)**

Year	System Value	US Total			State Grouping			Consumer Size			Major Current Power Supplier			Plant Growth (1999-2004)		
		Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank
<b>RATIO 82 ---- CUSTOMER SALES AND SERVICE PER TOTAL KWH SOLD (MILLS)</b>																
2000	0.49	0.81	801	559	0.41	23	11	0.59	43	28	0.56	16	9	0.65	132	84
2001	0.54	0.83	812	565	0.49	24	10	0.54	43	23	0.54	17	9	0.86	128	88
2002	0.57	0.80	807	511	0.42	23	7	0.55	42	20	0.52	16	7	0.78	124	76
2003	0.64	0.85	804	489	0.45	23	5	0.59	46	21	0.54	16	5	0.67	129	71
2004	0.41	0.82	805	624	0.41	23	11	0.57	48	36	0.46	16	9	0.73	129	100
<b>RATIO 83 ---- CUSTOMER SALES AND SERVICE PER CONSUMER (\$)</b>																
2000	8.42	15.27	802	593	8.56	23	13	11.65	43	34	9.16	16	11	12.24	133	93
2001	9.36	15.57	812	583	9.36	24	12	11.62	43	27	9.44	17	10	14.86	128	88
2002	10.04	15.31	807	550	8.44	23	10	10.70	42	25	10.35	16	9	14.67	124	81
2003	11.27	15.96	804	519	9.29	23	7	11.27	46	23	10.61	16	6	12.36	129	71
2004	7.36	15.69	805	644	7.58	23	14	12.10	48	38	8.76	16	11	13.49	129	101
<b>RATIO 84 ---- A &amp; G EXPENSES PER TOTAL KWH SOLD (MILLS)</b>																
2000	2.36	4.70	816	724	2.31	23	11	2.94	43	27	2.85	16	10	3.88	133	108
2001	2.70	4.93	827	708	2.58	24	9	2.99	43	26	2.70	17	9	4.47	129	107
2002	3.32	4.95	821	620	2.59	23	5	3.32	42	21	2.92	16	5	4.26	126	89
2003	3.06	5.20	817	681	2.73	23	11	3.46	46	30	3.18	16	10	4.70	131	106
2004	2.78	5.26	818	714	2.78	23	12	2.88	48	30	3.08	16	10	4.70	130	106
<b>RATIO 85 ---- A &amp; G EXPENSES PER CONSUMER (\$)</b>																
2000	40.20	85.51	816	772	48.01	23	19	56.26	43	37	51.12	16	14	67.26	133	122
2001	46.85	89.73	827	754	53.85	24	16	64.14	43	35	51.02	17	11	69.04	129	111
2002	58.67	92.21	821	673	52.23	23	8	68.03	42	24	55.68	16	6	77.90	126	97
2003	53.84	95.79	817	732	55.40	23	13	70.07	46	32	60.47	16	10	80.82	131	110
2004	49.77	97.92	818	759	57.17	23	16	58.40	48	36	57.57	16	13	82.26	130	112
<b>RATIO 86 ---- TOTAL CONTROLLABLE EXPENSES PER TOTAL KWH SOLD (MILLS) (SAME AS RATIO #103)</b>																
2000	12.08	16.41	818	630	9.85	23	7	12.44	43	25	10.80	16	6	14.97	133	91
2001	12.80	17.12	827	640	10.65	24	7	13.11	43	26	10.80	17	6	16.85	129	103
2002	13.09	17.23	821	626	10.79	23	8	13.37	42	25	10.99	16	6	15.83	125	90
2003	13.78	17.92	817	617	11.56	23	8	14.26	46	26	12.11	16	7	16.75	131	101
2004	12.91	18.27	818	659	11.61	23	11	13.50	48	28	12.26	16	8	17.47	130	102
<b>RATIO 87 ---- TOTAL CONTROLLABLE EXPENSES PER CONSUMER (\$) (SAME AS RATIO #104)</b>																
2000	205.88	291.05	818	751	218.20	23	18	251.30	43	39	216.14	16	12	266.10	133	119
2001	221.75	303.12	827	743	231.46	24	17	258.88	43	37	229.14	17	12	281.00	129	116
2002	231.01	313.29	821	733	236.89	23	17	264.46	42	36	235.68	16	12	295.10	125	95
2003	242.14	327.14	817	724	253.74	23	16	275.91	46	38	253.66	16	12	299.45	131	101
2004	231.27	337.61	818	767	249.79	23	20	259.99	48	36	249.50	16	13	309.34	130	108

2004 Key Ratio Trend Analysis (KRTA)  
 South Kentucky Rural Electric Cooperative Corporation (KY054)

Year	System Value	US Total			State Grouping			Consumer Size			Major Current Power Supplier			Plant Growth (1999-2004)		
		Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank

FIXED EXPENSES (RATIOS 88-102)

RATIO 88 ---- POWER COST PER KWH PURCHASED (MILLS)																
2000	36.50	38.61	813	518	36.36	23	9	43.96	43	36	36.20	16	5	38.33	132	84
2001	38.98	39.91	823	445	38.79	24	9	45.05	43	32	38.78	17	5	39.84	128	69
2002	38.17	40.25	821	481	38.03	23	9	45.28	42	30	38.03	16	5	40.52	126	75
2003	39.92	42.83	817	485	39.80	23	8	46.61	46	34	39.80	16	4	43.27	131	83
2004	43.71	44.15	816	430	43.68	23	10	49.83	48	40	43.57	16	6	44.69	130	74

RATIO 89 ---- POWER COST PER TOTAL KWH SOLD (MILLS)																
2000	39.40	41.61	816	514	38.67	23	6	47.92	43	36	38.53	16	1	40.38	133	85
2001	40.52	42.54	826	488	40.52	24	12	47.59	43	34	40.50	17	8	41.89	129	75
2002	40.69	43.28	821	486	39.98	23	8	48.64	42	31	39.98	16	4	43.52	126	77
2003	42.54	45.73	817	485	41.94	23	8	49.84	46	36	41.94	16	4	45.88	131	86
2004	46.38	47.17	818	439	45.69	23	11	52.34	48	41	45.69	16	7	47.23	130	76

RATIO 90 ---- POWER COST AS A % OF REVENUE																
2000	68.25	58.90	821	128	68.13	23	11	67.80	43	20	67.83	16	6	61.01	134	31
2001	66.19	58.29	830	167	67.80	24	16	65.08	43	20	67.54	17	11	58.19	129	25
2002	67.59	57.96	823	136	68.59	23	15	64.57	42	17	68.25	16	10	59.49	126	28
2003	68.95	58.89	820	115	68.95	23	12	65.63	46	15	69.05	16	9	60.24	131	22
2004	69.45	59.33	818	112	70.60	23	15	67.68	48	18	70.88	16	10	60.42	130	24

RATIO 91 ---- LONG-TERM INTEREST COST PER TOTAL KWH SOLD (MILLS)																
2000	2.63	4.36	808	618	2.68	23	13	3.48	43	31	3.03	16	11	3.76	132	91
2001	2.89	4.40	820	600	2.73	24	10	3.53	43	29	2.84	17	8	4.35	128	95
2002	2.84	4.01	813	574	2.41	23	8	3.20	42	25	2.67	16	6	3.94	124	81
2003	3.08	3.85	810	522	2.22	23	7	3.47	46	26	2.67	16	5	3.63	130	83
2004	3.06	3.88	811	534	2.44	23	7	3.37	48	29	2.46	16	5	3.88	129	82

RATIO 92 ---- LONG-TERM INTEREST COST AS A % OF TUP																
2000	2.37	2.27	813	356	2.58	23	15	2.49	43	25	2.83	16	14	2.22	133	53
2001	2.50	2.22	824	283	2.51	24	13	2.48	43	21	2.63	17	12	2.33	128	51
2002	2.43	2.00	814	198	2.15	23	6	2.33	42	14	2.29	16	5	2.07	124	33
2003	2.47	1.90	812	137	1.95	23	2	2.20	46	11	2.03	16	2	1.94	130	22
2004	2.40	1.87	811	156	1.90	23	2	2.12	48	14	1.91	16	2	1.94	129	30

RATIO 93 ---- LONG-TERM INTEREST COST PER CONSUMER (\$)																
2000	44.75	76.84	810	706	62.38	23	22	68.63	43	38	66.98	16	16	65.58	132	11
2001	50.00	76.95	820	662	64.43	24	21	72.71	43	35	64.23	17	16	69.41	128	37
2002	50.11	72.31	813	633	54.18	23	13	67.77	42	34	50.07	16	8	68.63	123	33
2003	54.10	70.83	810	584	53.29	23	11	65.61	46	33	46.43	16	7	65.71	130	35
2004	54.83	71.98	811	574	51.58	23	9	65.44	48	32	51.18	16	6	70.53	129	38

**2004 Key Ratio and Analysis (KRTA)**  
**South Kentucky Rural Electric Cooperative Corporation (KY054)**

Year	System Value	US Total			State Grouping			Consumer Size			Major Current Power Supplier			Plant Growth (1999-2004)		
		Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank
<b>RATIO 94 --- DEPRECIATION EXPENSE PER TOTAL KWH SOLD (MILLS)</b>																
2000	2.97	5.36	815	764	3.58	23	18	4.19	43	37	3.65	16	13	4.70	133	123
2001	3.15	5.53	826	769	3.60	24	17	4.44	43	38	3.77	17	12	5.40	129	124
2002	3.30	5.58	820	754	3.64	23	16	4.29	42	37	3.72	16	11	5.22	126	113
2003	3.45	5.82	816	750	3.74	23	16	4.60	46	42	3.89	16	11	5.66	131	120
2004	3.56	5.97	818	745	3.90	23	16	4.60	48	43	3.99	16	11	5.74	130	116
<b>RATIO 95 --- DEPRECIATION EXPENSE AS A % OF TUP</b>																
2000	2.68	2.84	820	611	3.07	23	22	2.93	43	38	2.96	16	15	2.84	134	106
2001	2.73	2.85	830	569	3.16	24	23	2.94	43	36	3.02	17	16	2.87	129	94
2002	2.83	2.87	822	456	3.22	23	21	3.00	42	31	3.22	16	15	2.84	126	71
2003	2.77	2.88	819	529	3.20	23	22	2.97	46	34	3.22	16	16	2.89	131	93
2004	2.79	2.87	818	511	3.17	23	22	3.07	48	44	3.16	16	16	2.88	130	83
<b>RATIO 96 --- DEPRECIATION EXPENSE PER CONSUMER (\$)</b>																
2000	50.61	96.37	817	811	75.52	23	23	82.64	43	43	75.14	16	16	86.46	133	133
2001	54.54	98.98	826	818	81.02	24	23	87.05	43	43	79.38	17	16	91.09	129	129
2002	58.22	102.42	820	806	85.08	23	22	88.86	42	42	82.79	16	15	96.00	125	121
2003	60.53	106.88	816	798	87.89	23	22	93.70	46	46	87.10	16	15	98.10	131	126
2004	63.72	109.89	818	802	91.49	23	22	93.97	48	47	90.85	16	15	102.77	130	126
<b>RATIO 97 --- ACCUMULATIVE DEPRECIATION AS A % OF PLANT IN SERVICE</b>																
2000	22.28	30.05	823	697	24.06	23	15	25.50	43	30	22.67	16	10	29.60	134	113
2001	22.06	30.27	831	710	23.55	24	15	26.20	43	32	22.81	17	10	27.52	129	104
2002	21.99	30.52	823	707	24.74	23	16	26.83	42	31	23.70	16	10	27.72	125	103
2003	21.98	30.69	819	718	25.93	23	17	27.56	46	36	24.63	16	11	27.62	131	110
2004	21.94	31.11	818	718	26.03	23	17	27.20	48	37	24.52	16	11	27.16	130	107
<b>RATIO 98 --- TOTAL TAX EXPENSE PER TOTAL KWH SOLD (MILLS)</b>																
2000	0.07	0.86	595	477	0.07	22	12	0.62	36	28	0.07	15	8	0.75	99	76
2001	0.07	0.85	604	486	0.08	23	15	0.63	35	29	0.07	16	9	0.91	90	72
2002	0.07	0.90	594	466	0.08	22	12	0.82	34	27	0.07	15	7	0.91	91	74
2003	0.07	0.94	591	472	0.08	22	13	0.66	37	29	0.07	15	7	1.06	99	77
2004	0.07	0.98	593	475	0.07	22	14	0.91	40	33	0.07	15	8	1.08	97	80
<b>RATIO 99 --- TOTAL TAX EXPENSE AS A % OF TUP</b>																
2000	0.06	0.49	600	455	0.06	22	10	0.42	36	29	0.06	15	5	0.50	100	77
2001	0.06	0.47	607	459	0.06	23	12	0.42	35	31	0.06	16	7	0.51	90	71
2002	0.06	0.47	596	440	0.06	22	11	0.41	34	28	0.06	15	6	0.54	91	72
2003	0.06	0.47	594	449	0.06	22	14	0.39	37	29	0.06	15	9	0.59	99	76
2004	0.05	0.45	593	448	0.05	22	14	0.59	40	33	0.05	15	9	0.57	97	79

2004 Key Ratio Trend Analysis (KRTA)  
 South Kentucky Rural Electric Cooperative Corporation (KY054)

Year	System Value	US Total			State Grouping			Consumer Size			Major Current Power Supplier			Plant Growth (1999-2004)		
		Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank
<b>RATIO 100 --- TOTAL TAX EXPENSE PER CONSUMER</b>																
2000	1.17	15.94	597	488	1.40	22	20	13.09	36	30	1.35	15	14	13.22	99	79
2001	1.20	15.83	604	492	1.47	23	20	13.55	35	31	1.34	16	14	15.03	90	75
2002	1.31	16.60	594	479	1.53	22	20	13.74	34	29	1.44	15	14	17.88	91	77
2003	1.26	17.68	591	482	1.57	22	20	14.31	37	31	1.46	15	14	17.89	99	79
2004	1.20	17.91	593	482	1.52	22	19	18.59	40	33	1.41	15	13	18.71	97	84
<b>RATIO 101 --- TOTAL FIXED EXPENSES PER TOTAL KWH SOLD (MILLS)</b>																
2000	45.13	53.39	818	665	46.03	23	15	55.47	43	38	45.24	16	9	52.37	133	101
2001	46.77	53.92	827	632	47.82	24	15	55.98	43	37	47.01	17	10	53.80	129	105
2002	46.97	53.64	821	634	46.97	23	12	56.52	42	34	46.45	16	7	53.49	125	101
2003	49.26	55.96	817	593	48.18	23	10	57.45	46	39	48.18	16	6	55.50	131	109
2004	53.16	57.41	818	523	53.08	23	11	60.62	48	42	52.56	16	7	57.44	130	91
<b>RATIO 102 --- TOTAL FIXED EXPENSES PER CONSUMER (\$)</b>																
2000	768.91	982.90	818	668	926.20	23	20	1,108.85	43	42	885.42	16	14	957.91	133	108
2001	810.34	1,001.35	827	641	978.52	24	22	1,108.54	43	41	942.50	17	16	936.09	129	96
2002	828.95	1,033.15	821	643	980.92	23	20	1,146.79	42	40	958.82	16	14	1,024.54	125	96
2003	865.26	1,055.50	817	623	998.49	23	19	1,136.92	46	42	976.49	16	13	1,034.26	131	93
2004	952.04	1,099.12	818	567	1,083.79	23	18	1,242.54	48	45	1,074.95	16	12	1,094.94	130	84

**TOTAL EXPENSES (RATIOS 103-107)**

<b>RATIO 103 --- TOTAL OPERATING EXPENSES PER TOTAL KWH SOLD (MILLS)</b>																
2000	12.08	16.41	818	630	9.85	23	7	12.44	43	25	10.80	16	6	14.97	133	91
2001	12.80	17.12	827	640	10.65	24	7	13.11	43	26	10.80	17	6	16.85	129	103
2002	13.09	17.23	821	626	10.79	23	8	13.37	42	25	10.99	16	6	15.83	125	90
2003	13.78	17.92	817	617	11.56	23	8	14.26	46	26	12.11	16	7	16.75	131	101
2004	12.91	18.27	818	659	11.61	23	11	13.50	48	28	12.26	16	8	17.47	130	102
<b>RATIO 104 --- TOTAL OPERATING EXPENSES PER CONSUMER (\$)</b>																
2000	205.88	291.05	818	751	218.20	23	18	251.30	43	39	216.14	16	12	266.10	133	119
2001	221.75	303.12	827	743	231.46	24	17	258.88	43	37	229.14	17	12	281.00	129	116
2002	231.01	313.29	821	733	236.89	23	17	264.46	42	36	235.68	16	12	295.10	125	105
2003	242.14	327.14	817	724	253.74	23	16	275.91	46	38	253.66	16	12	299.45	131	111
2004	231.27	337.61	818	767	249.79	23	20	259.99	48	36	249.50	16	13	309.34	130	118
<b>RATIO 105 --- TOTAL COST OF SERVICE (MINUS POWER COSTS) PER TOTAL KWH SOLD (MILLS)</b>																
2000	17.81	27.67	816	693	17.59	23	10	21.28	43	29	17.75	16	7	23.73	133	104
2001	19.05	28.56	827	686	18.05	24	9	22.01	43	30	17.75	17	7	28.51	129	100
2002	19.37	28.16	821	666	18.13	23	8	21.88	42	27	17.47	16	6	25.85	126	98
2003	20.50	28.99	817	658	18.80	23	8	23.16	46	32	18.80	16	6	27.66	131	109
2004	19.70	29.41	818	684	19.29	23	10	22.78	48	33	18.78	16	8	28.93	130	107

**2004 Key Ratio Trend Analysis (KRTA)**  
**South Kentucky Rural Electric Cooperative Corporation (KY054)**

Year	System Value	US Total			State Grouping			Consumer Size			Major Current Power Supplier			Plant Growth (1999-2004)		
		Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank
<b>RATIO 106 ---- TOTAL COST OF ELECTRIC SERVICE PER TOTAL KWH SOLD (MILLS)</b>																
2000	57.22	69.94	816	693	57.22	23	12	67.70	43	37	55.66	16	7	66.46	133	109
2001	59.57	70.89	827	685	59.57	24	12	68.61	43	36	57.37	17	7	71.53	129	109
2002	60.06	70.65	821	683	57.94	23	11	68.34	42	34	56.94	16	6	69.93	126	104
2003	63.04	73.38	817	655	60.84	23	10	70.21	46	38	59.53	16	6	73.11	131	115
2004	66.08	75.59	818	633	63.70	23	11	75.71	48	44	63.46	16	7	74.56	130	107
<b>RATIO 107 ---- TOTAL COST OF ELECTRIC SERVICE PER CONSUMER (\$)</b>																
2000	974.79	1,288.33	818	721	1,117.36	23	21	1,384.49	43	42	1,080.89	16	15	1,224.66	133	113
2001	1,032.09	1,316.50	827	697	1,214.54	24	22	1,395.76	43	41	1,165.41	17	16	1,222.18	129	107
2002	1,059.96	1,350.76	821	696	1,215.82	23	21	1,427.50	42	41	1,165.43	16	15	1,333.64	125	105
2003	1,107.39	1,390.11	817	681	1,241.37	23	20	1,465.48	46	43	1,207.34	16	14	1,347.21	131	102
2004	1,183.31	1,436.68	818	643	1,333.59	23	19	1,500.80	48	45	1,309.35	16	13	1,424.89	130	95

**EMPLOYEES (RATIOS 108-113)**

<b>RATIO 108 ---- AVERAGE WAGE RATE PER HOUR (\$)</b>																
2000	16.48	19.91	809	712	19.15	23	22	19.04	43	39	18.75	16	15	19.79	131	114
2001	18.31	20.62	820	636	19.90	24	20	19.86	43	35	19.39	17	13	20.43	128	99
2002	19.09	21.42	819	634	21.04	23	18	21.22	42	33	20.19	16	12	21.40	125	96
2003	20.03	22.11	814	619	22.43	23	18	21.89	45	35	21.24	16	12	21.70	131	93
2004	21.08	23.08	815	595	23.14	23	17	23.68	48	43	22.34	16	11	23.04	130	92
<b>RATIO 109 ---- TOTAL WAGES PER TOTAL KWH SOLD (MILLS)</b>																
2000	6.35	9.39	809	646	5.51	23	8	6.13	43	21	6.09	16	7	8.06	130	92
2001	6.18	9.59	822	693	5.97	24	10	6.60	43	24	6.18	17	9	9.23	128	110
2002	6.60	9.41	820	655	5.91	23	6	6.71	42	23	6.24	16	4	8.44	125	93
2003	6.87	9.68	814	643	6.28	23	6	7.22	45	25	6.42	16	4	8.89	131	100
2004	7.01	9.87	816	651	6.45	23	7	6.92	48	23	6.67	16	6	9.66	130	105
<b>RATIO 110 ---- TOTAL WAGES PER CONSUMER (\$)</b>																
2000	108.23	167.81	810	745	121.74	23	16	127.39	43	36	120.62	16	10	147.20	131	118
2001	107.09	171.74	822	775	123.27	24	19	136.78	43	39	121.61	17	12	156.02	128	120
2002	116.48	177.47	820	746	123.95	23	16	140.60	42	35	118.82	16	9	161.01	125	108
2003	120.71	181.56	814	732	127.05	23	16	143.74	45	38	124.40	16	11	159.98	131	112
2004	125.50	185.96	816	733	131.38	23	16	131.18	48	30	129.21	16	10	170.97	130	116
<b>RATIO 111 ---- OVERTIME HOURS/TOTAL HOURS (%)</b>																
2000	4.84	4.98	809	414	6.08	23	19	6.36	43	35	6.07	16	13	5.31	131	176
2001	6.82	4.79	821	178	5.70	24	6	6.20	43	16	5.71	17	5	5.42	128	133
2002	7.23	4.80	819	138	5.91	23	8	6.01	42	11	5.88	16	5	5.54	125	131
2003	7.98	4.65	814	91	6.86	23	8	5.95	45	11	7.54	16	8	5.10	131	131
2004	7.93	4.94	816	135	7.24	23	9	6.55	48	15	7.29	16	6	5.62	130	130

2004 Key Ratio Trend Analysis (KRTA)  
South Kentucky Rural Electric Cooperative Corporation (KY054)

Year	System Value	US Total			State Grouping			Consumer Size			Major Current Power Supplier			Plant Growth (1999-2004)		
		Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank
<b>RATIO 112 --- CAPITALIZED PAYROLL / TOTAL PAYROLL (%)</b>																
2000	26.88	22.82	807	248	27.88	23	15	26.22	43	19	27.46	16	10	24.53	131	48
2001	26.76	22.95	819	265	27.61	24	16	26.84	43	23	27.40	17	11	24.68	128	53
2002	26.48	22.75	819	261	26.48	23	12	26.30	42	21	25.97	16	7	24.65	125	52
2003	28.66	22.48	812	165	25.94	23	9	25.24	45	14	25.62	16	5	24.58	131	37
2004	28.05	22.60	815	186	28.05	23	12	23.85	48	11	28.08	16	9	24.93	130	45
<b>RATIO 113 --- AVERAGE CONSUMERS PER EMPLOYEE</b>																
2000	334.13	258.62	811	168	360.83	23	15	334.13	43	22	361.43	16	11	283.21	131	37
2001	364.60	261.14	825	109	370.92	24	15	333.46	43	9	391.53	17	12	283.19	129	22
2002	367.46	264.51	821	115	374.52	23	15	338.34	42	12	419.79	16	12	287.79	125	23
2003	376.31	267.94	815	109	394.69	23	14	341.05	45	10	423.97	16	12	298.76	131	22
2004	387.92	268.54	818	107	394.41	23	13	390.70	48	26	421.05	16	11	297.45	130	20

**GROWTH (RATIOS 114-121)**

<b>RATIO 114 --- ANNUAL GROWTH IN KWH SOLD (%)</b>																
2000	7.02	5.58	809	291	5.05	23	6	6.50	43	20	5.62	16	5	5.70	132	43
2001	3.66	2.10	811	269	3.33	23	10	3.16	42	18	3.37	16	7	2.11	129	39
2002	3.98	4.78	816	484	4.52	23	14	5.13	41	28	5.09	16	12	5.27	126	82
2003	1.28	1.05	810	385	0.38	23	7	1.47	45	24	1.25	16	6	0.90	130	60
2004	3.75	2.02	814	267	2.43	23	5	4.01	47	26	2.47	16	4	2.98	130	49
<b>RATIO 115 --- ANNUAL GROWTH IN NUMBER OF CONSUMERS (%)</b>																
2000	2.69	2.00	808	245	2.47	23	9	2.94	43	26	2.89	16	9	2.32	132	44
2001	1.93	1.69	809	336	1.90	23	10	2.50	42	31	2.02	16	9	1.93	129	66
2002	2.08	1.54	820	282	2.20	23	15	2.30	41	25	2.33	16	13	1.89	126	57
2003	1.76	1.47	811	334	1.66	23	10	2.26	46	33	1.77	16	9	1.68	131	61
2004	1.77	1.54	814	333	1.79	23	13	3.14	47	42	1.96	16	11	1.95	130	73
<b>RATIO 116 --- ANNUAL GROWTH IN TUP DOLLARS (%)</b>																
2000	7.42	5.36	810	184	6.65	23	5	7.10	43	20	6.87	16	3	6.17	133	27
2001	7.66	5.09	816	142	5.98	23	6	6.98	42	14	6.98	16	5	5.97	129	24
2002	5.30	4.83	819	336	5.30	23	12	5.87	42	26	5.50	16	10	5.78	126	74
2003	8.07	4.64	812	68	5.10	23	2	6.01	45	9	5.71	16	2	5.82	130	13
2004	6.42	4.79	816	218	5.20	23	6	6.01	48	20	5.67	16	5	6.18	130	58
<b>RATIO 117 --- CONST. W.I.P. TO PLANT ADDITIONS (%)</b>																
2000	4.88	20.85	807	694	16.90	23	20	34.61	43	43	8.22	16	13	19.54	132	33
2001	5.10	25.15	807	700	9.16	24	16	35.49	42	41	5.67	17	10	24.81	128	15
2002	2.77	22.23	805	736	10.62	23	21	26.18	42	42	11.48	16	14	21.19	123	17
2003	5.89	24.11	807	695	15.54	23	21	28.10	44	43	13.37	16	14	21.67	131	17
2004	20.82	25.34	801	461	13.00	23	5	36.43	48	34	13.28	16	2	26.21	128	16

2004 Key Ratios and Analysis (KRTA)  
 South Kentucky Rural Electric Cooperative Corporation (KY054)

Year	US Total			State Grouping			Consumer Size			Major Current Power Supplier			Plant Growth (1999-2004)			
	System Value	Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank
<b>RATIO 118 ---- NET NEW SERVICES TO TOTAL SERVICES (%)</b>																
2000	2.42	1.92	816	288	2.39	23	11	3.13	43	31	2.63	16	11	2.27	133	59
2001	2.16	1.77	827	290	2.33	24	17	2.65	43	29	2.55	17	15	2.08	128	60
2002	2.16	1.67	819	255	2.31	23	14	2.53	42	27	2.44	16	13	1.98	125	52
2003	1.87	1.63	811	328	2.01	23	13	2.49	46	31	2.21	16	12	1.88	131	67
2004	1.84	1.63	815	342	1.84	23	12	2.75	47	39	1.98	16	11	1.89	130	74
<b>RATIO 119 ---- ANNUAL GROWTH IN TOTAL CAPITALIZATION (%)</b>																
2000	-1.20	4.32	810	759	4.44	23	22	4.84	43	42	4.44	16	15	4.25	133	122
2001	20.85	4.08	816	14	10.12	23	3	6.74	42	3	12.54	16	2	5.51	129	2
2002	9.92	3.43	819	104	6.01	23	7	5.91	42	9	9.67	16	7	4.70	126	15
2003	3.89	3.22	812	356	7.43	23	17	5.78	45	28	8.93	16	15	4.33	130	70
2004	7.13	4.29	816	231	3.03	23	3	4.13	48	12	3.00	16	3	5.00	130	40
<b>RATIO 120 ---- 2 YR. COMPOUND GROWTH IN TOTAL CAPITALIZATION (%)</b>																
2000	4.31	4.80	802	453	5.84	22	16	5.84	41	28	5.61	16	11	5.24	134	82
2001	9.27	4.67	809	116	8.38	23	7	5.76	42	12	9.04	16	5	5.40	129	16
2002	15.25	4.23	806	18	9.03	22	3	6.52	41	3	9.26	15	3	5.25	126	2
2003	6.86	3.85	814	161	7.85	23	13	5.43	46	13	8.85	16	13	5.34	131	37
2004	5.50	4.19	809	292	4.23	23	9	4.72	47	21	5.57	16	9	5.35	129	60
<b>RATIO 121 ---- 5 YR. COMPOUND GROWTH IN TOTAL CAPITALIZATION (%)</b>																
2000	4.65	5.00	781	426	6.13	21	14	5.97	40	28	6.08	15	10	5.52	134	92
2001	7.67	5.09	790	149	7.33	22	7	6.12	39	11	7.40	16	5	5.66	129	22
2002	7.97	4.81	785	131	7.18	21	8	6.97	39	13	7.84	15	6	5.98	126	24
2003	8.47	4.55	793	79	7.18	21	6	5.95	44	9	8.03	15	6	5.74	131	11
2004	7.87	4.63	798	105	6.51	22	5	5.21	46	9	6.56	15	5	5.67	130	14
<b>RATIO 122 ---- TUP INVESTMENTS PER TOTAL KWH SOLD (CENTS)</b>																
2000	11.09	18.97	816	736	11.06	23	11	14.63	43	32	11.10	16	9	16.56	133	114
2001	11.52	19.44	827	743	11.03	24	11	15.24	43	33	11.52	17	9	18.15	129	121
2002	11.67	19.44	821	731	11.20	23	10	15.34	42	32	11.67	16	8	17.94	126	107
2003	12.45	20.09	817	722	12.01	23	9	16.18	46	36	12.45	16	7	19.10	131	118
2004	12.77	20.69	818	719	12.75	23	10	16.08	48	36	12.76	16	8	19.68	130	113
<b>RATIO 123 ---- TUP INVESTMENT PER CONSUMER (\$)</b>																
2000	1,889.95	3,368.35	816	803	2,478.11	23	23	2,818.22	43	42	2,417.87	16	16	2,856.86	133	131
2001	1,996.14	3,462.94	827	814	2,602.28	24	23	2,933.56	43	43	2,457.70	17	16	3,048.89	129	120
2002	2,059.20	3,573.43	821	806	2,607.94	23	22	3,088.48	42	42	2,525.26	16	15	3,217.77	126	126
2003	2,186.79	3,711.19	817	796	2,717.53	23	22	3,198.27	46	46	2,634.27	16	15	3,277.07	131	131
2004	2,286.56	3,830.69	818	794	2,776.55	23	21	3,049.88	48	42	2,709.52	16	14	3,415.94	130	130

PLANT (RATIOS 122-145)

**2004 Key Ratios Trend Analysis (KRTA)**  
**South Kentucky Rural Electric Cooperative Corporation (KY054)**

Year	System Value	US Total			State Grouping			Consumer Size			Major Current Power Supplier			Plant Growth (1999-2004)		
		Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank
<b>RATIO 124 ---- TUP INVESTMENT PER MILE OF LINE (\$)</b>																
2000	17,390.57	17,402.64	817	412	21,599.55	23	18	43	41	21,599.55	16	12	18,103.22	133	76	
2001	18,464.51	18,356.53	829	412	22,598.61	24	17	43	40	22,083.35	17	11	19,205.91	129	74	
2002	19,174.81	19,086.04	821	406	23,096.82	23	17	42	39	22,957.39	16	11	21,413.57	126	78	
2003	20,439.66	19,910.36	817	389	24,041.83	23	17	46	41	23,791.14	16	11	21,734.56	131	73	
2004	21,456.32	20,714.35	818	391	24,864.78	23	18	48	46	24,565.78	16	12	23,291.00	130	77	
<b>RATIO 125 ---- AVERAGE CONSUMERS PER MILE</b>																
2000	9.20	5.52	815	130	8.78	23	9	43	22	8.84	16	7	6.21	133	20	
2001	9.25	5.64	827	139	8.65	24	9	43	21	8.35	17	7	6.28	129	17	
2002	9.31	5.66	821	140	8.72	23	8	42	22	8.43	16	6	6.40	126	22	
2003	9.35	5.70	817	140	8.70	23	8	46	20	8.51	16	6	6.54	131	23	
2004	9.38	5.78	818	144	8.71	23	8	48	38	8.57	16	6	7.07	130	28	
<b>RATIO 126 ---- DISTRIBUTION PLANT PER TOTAL KWH SOLD (MILLS)</b>																
2000	99.71	159.38	817	709	97.07	23	11	43	30	101.22	16	9	142.10	132	110	
2001	102.74	163.42	825	712	100.65	24	11	43	30	102.74	17	9	156.65	128	117	
2002	104.54	163.86	785	669	103.89	23	11	40	25	105.79	16	9	154.22	120	96	
2003	109.32	170.03	817	702	109.32	23	12	46	33	110.11	16	9	165.67	131	113	
2004	111.51	174.76	818	700	113.48	23	13	48	34	114.89	16	10	167.22	130	110	
<b>RATIO 127 ---- DISTRIBUTION PLANT PER CONSUMER (\$)</b>																
2000	1,698.72	2,790.48	818	790	2,279.72	23	23	43	43	2,186.57	16	16	2,461.48	133	129	
2001	1,779.96	2,853.92	825	796	2,342.34	24	23	43	42	2,232.70	17	16	2,594.20	128	128	
2002	1,845.06	2,929.40	785	759	2,371.57	23	21	40	39	2,349.62	16	14	2,697.49	120	116	
2003	1,920.21	3,066.27	817	788	2,434.35	23	22	46	46	2,426.06	16	15	2,818.57	131	125	
2004	1,996.84	3,161.01	818	787	2,533.16	23	22	48	42	2,496.67	16	15	2,913.36	130	124	
<b>RATIO 128 ---- DISTRIBUTION PLANT PER EMPLOYEE (\$)</b>																
2000	567,587.18	748,528.22	811	688	814,852.05	23	21	43	41	832,781.36	16	14	748,755.38	131	111	
2001	648,967.08	774,677.16	824	617	885,038.67	24	21	43	38	889,140.80	17	15	793,795.30	128	104	
2002	677,976.38	806,768.35	785	593	969,314.23	23	19	40	35	976,695.41	16	13	827,340.20	120	98	
2003	722,597.87	854,655.76	815	608	1,012,010.75	23	19	45	40	1,024,805.68	16	13	862,153.00	131	101	
2004	774,619.57	881,431.50	818	583	1,061,871.69	23	19	48	42	1,061,048.87	16	13	881,431.50	130	98	
<b>RATIO 129 ---- GENERAL PLANT PER TOTAL KWH SOLD (MILLS)</b>																
2000	10.75	19.16	817	699	10.36	23	8	43	29	10.67	16	7	16.55	132	98	
2001	11.99	16.27	825	582	7.23	24	3	43	22	7.19	17	1	15.88	128	86	
2002	8.90	14.85	819	664	7.02	23	2	42	27	6.61	16	2	13.26	125	92	
2003	9.81	14.55	816	626	7.30	23	2	46	26	6.91	16	2	13.03	131	99	
2004	9.66	14.26	816	627	7.24	23	4	48	19	7.05	16	3	13.60	130	98	

**2004 Key Ratios Trend Analysis (KRTA)**  
**South Kentucky Rural Electric Cooperative Corporation (KY054)**

Year	System Value			US Total			State Grouping			Consumer Size			Major Current Power Supplier			Plant Growth (1999-2004)			
	Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank	
<b>RATIO 130 ---- GENERAL PLANT PER CONSUMER (\$)</b>																			
2000	183.17	340.65	818	756	193.06	23	14	43	38	277.09	43	38	182.00	16	8	287.77	133	118	
2001	207.73	287.70	825	624	159.94	24	4	43	27	232.40	43	27	141.33	17	1	271.18	128	81	
2002	157.03	266.45	819	719	135.19	23	8	42	34	229.95	42	34	127.85	16	3	231.99	125	105	
2003	172.24	264.95	816	678	138.77	23	7	46	33	225.78	46	33	136.16	16	3	228.19	131	107	
2004	173.02	263.77	816	673	147.02	23	8	48	23	171.33	48	23	139.26	16	4	237.66	130	105	
<b>RATIO 131 ---- GENERAL PLANT PER EMPLOYEE (\$)</b>																			
2000	61,201.98	88,352.28	811	717	68,296.46	23	18	92,593.04	43	38	92,593.04	43	38	66,845.59	16	12	83,027.80	131	118
2001	75,738.03	75,165.62	824	406	56,724.16	24	5	75,803.03	43	23	75,803.03	43	23	50,677.14	17	2	69,533.30	128	54
2002	57,701.75	69,080.37	819	591	52,030.44	23	9	72,530.41	42	32	72,530.41	42	32	50,758.29	16	4	68,444.67	125	90
2003	64,814.91	69,160.05	814	487	55,458.64	23	7	71,896.46	45	29	71,896.46	45	29	54,246.43	16	5	68,405.18	131	75
2004	67,120.06	71,014.60	816	481	57,767.38	23	9	67,373.12	48	25	67,373.12	48	25	57,747.50	16	6	69,773.55	130	70
<b>RATIO 132 ---- HEADQUARTERS PLANT PER TOTAL KWH SOLD (MILLS)</b>																			
2000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2001	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2002	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2003	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2004	4.70	6.85	746	536	3.52	23	8	4.87	44	24	4.87	44	3.67	16	6	7.04	118	81	
<b>RATIO 133 ---- HEADQUARTERS PLANT PER CONSUMER (\$)</b>																			
2000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2001	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2002	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2003	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2004	84.12	126.15	746	556	76.11	23	10	97.43	44	29	97.43	44	72.31	16	7	111.05	118	84	
<b>RATIO 134 ---- HEADQUARTERS PLANT PER EMPLOYEE (\$)</b>																			
2000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2001	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2002	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2003	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2004	32,632.43	33,204.05	746	388	33,867.12	23	13	36,689.37	44	31	36,689.37	44	33,249.77	16	9	33,435.69	118	63	
<b>RATIO 138 ---- IDLE SERVICES TO TOTAL SERVICE (%)</b>																			
2000	17.18	7.85	796	94	8.92	23	1	8.44	42	6	8.44	42	8.00	16	1	7.97	130	15	
2001	17.66	7.96	808	91	8.84	24	1	9.03	43	6	9.03	43	8.35	17	1	7.39	127	17	
2002	13.69	7.96	802	193	8.52	23	6	8.54	42	11	8.54	42	8.83	16	5	7.49	121	28	
2003	13.96	8.05	796	189	9.33	23	7	8.47	46	10	8.47	46	9.41	16	6	7.56	128	26	
2004	13.97	7.91	797	181	8.58	23	3	4.99	46	5	4.99	46	8.39	16	3	7.24	127	22	

2004 Key Ratios Trend Analysis (KRTA)  
 South Kentucky Rural Electric Cooperative Corporation (KY054)

Year	System Value	US Total			State Grouping			Consumer Size			Major Current Power Supplier			Plant Growth (1999-2004)		
		Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank
<b>RATIO 139 --- LINE LOSS (%)</b>																
2000	7.35	7.07	813	373	5.52	23	2	6.65	43	15	5.53	16	1	6.87	132	53
2001	3.77	6.11	823	700	4.81	24	17	4.62	43	30	3.95	17	11	6.17	128	107
2002	6.17	6.60	821	473	5.32	23	6	6.32	42	22	4.97	16	3	6.33	126	69
2003	6.14	6.56	817	476	5.13	23	6	6.18	46	24	4.93	16	3	6.19	131	69
2004	5.72	6.49	815	529	5.32	23	10	4.99	48	14	5.16	16	6	6.06	130	78
<b>RATIO 140 --- SYSTEM AVG. INTERRUPTION DURATION INDEX (SAIDI) - POWER SUPPLIER</b>																
2000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2001	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2002	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2003	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2004	0.12	0.26	818	504	0.29	23	16	0.10	48	23	0.31	16	13	N/A	N/A	N/A
<b>RATIO 141 --- SYSTEM AVG. INTERRUPTION DURATION INDEX (SAIDI) - EXTREME STORM</b>																
2000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2001	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2002	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2003	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2004	1.23	0.53	818	278	1.23	23	12	0.77	48	19	2.12	16	10	N/A	N/A	N/A
<b>RATIO 142 --- SYSTEM AVG. INTERRUPTION DURATION INDEX (SAIDI) - PREARRANGED</b>																
2000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2001	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2002	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2003	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2004	0.01	0.02	818	487	0.02	23	16	0.01	48	29	0.03	16	13	N/A	N/A	N/A
<b>RATIO 143 --- SYSTEM AVG. INTERRUPTION DURATION INDEX (SAIDI) - ALL OTHER</b>																
2000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2001	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2002	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2003	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2004	2.81	1.49	818	165	2.61	23	10	1.28	48	11	2.80	16	8	N/A	N/A	N/A
<b>RATIO 144 --- SYSTEM AVG. INTERRUPTION DURATION INDEX (SAIDI) - TOTAL</b>																
2000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2001	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2002	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2003	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2004	4.17	3.26	818	318	4.19	23	14	3.48	48	16	4.94	16	10	N/A	N/A	N/A

2004 Key Rate Trend Analysis (KRTA)  
 South Kentucky Rural Electric Cooperative Corporation (KY054)

Year	US Total			State Grouping			Consumer Size			Major Current Power Supplier			Plant Growth (1999-2004)			
	System Value	Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank	Median	NBR	Rank
	RATIO 145 --- AVG. SERVICE AVAILABILITY INDEX (ASAI) - TOTAL (%)															
2000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2001	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2002	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2003	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2004	99.95	99.96	818	501	99.95	23	10	99.96	48	33	99.94	16	7	99.96	130	81

2004  
KENTUCKY ELECTRIC COOPERATIVES  
AVERAGE EXPENSE PER CONSUMER  
STATISTICAL COMPARISONS

<u>COOPERATIVE</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>% CHANGE FROM 2000</u>
BIG SANDY	\$277	\$257	\$234	\$206	\$198	39.9 %
BLUE GRASS ENERGY	249	254	240	270	219	13.7
CLARK ENERGY COOP	248	269	237	232	222	11.7
CUMBERLAND VALLEY	205	201	198	184	181	13.3
FARMERS	250	243	232	228	211	18.5
FLEMING-MASON	263	260	258	235	216	21.8
GRAYSON	318	304	269	272	239	33.1
INTER-COUNTY	249	253	237	226	219	13.7
JACKSON ENERGY	275	254	235	222	208	32.2
LICKING VALLEY	236	223	225	209	200	18.0
NOLIN	351	337	291	267	251	39.8
OWEN	253	246	240	232	218	16.1
SALT RIVER ELECTRIC	215	201	179	162	168	28.0
SHELBY ENERGY	297	280	262	278	257	15.6
SOUTH KENTUCKY	231	242	232	222	205	12.7
TAYLOR COUNTY	<u>192</u>	<u>191</u>	<u>188</u>	<u>180</u>	<u>174</u>	<u>10.3</u>
<b>AVERAGE EKPC</b>	<b>\$256</b>	<b>\$250</b>	<b>\$235</b>	<b>\$226</b>	<b>\$212</b>	<b>20.8 %</b>
JACKSON PURCHASE	\$239	\$238	\$220	\$213	\$212	12.7 %
KENERGY	311	274	250	277	279	11.5
MEADE COUNTY	<u>245</u>	<u>224</u>	<u>211</u>	<u>203</u>	<u>204</u>	<u>20.1</u>
<b>AVERAGE BIG RIVERS</b>	<b>\$265</b>	<b>\$245</b>	<b>\$226</b>	<b>\$230</b>	<b>\$232</b>	<b>14.2 %</b>
HICKMAN-FULTON	392	\$369	\$382	\$345	\$295	32.9 %
PENNYRILE	236	234	248	249	220	7.3
TRI-COUNTY	239	221	215	211	208	14.9
WARREN	289	263	257	239	237	21.9
WEST KENTUCKY	<u>288</u>	<u>284</u>	<u>276</u>	<u>275</u>	<u>265</u>	<u>8.7</u>
<b>AVERAGE TVA</b>	<b>\$289</b>	<b>\$274</b>	<b>\$276</b>	<b>\$262</b>	<b>\$245</b>	<b>18.0 %</b>
<b>OVERALL AVERAGE</b>	<b>\$264</b>	<b>\$255</b>	<b>\$242</b>	<b>\$235</b>	<b>\$222</b>	<b>18.9 %</b>

2004  
KENTUCKY ELECTRIC COOPERATIVES  
AVERAGE EXPENSE PER MILE OF LINE  
STATISTICAL COMPARISONS

<u>COOPERATIVE</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>% CHANGE FROM 2000</u>
BIG SANDY	\$3,508	\$3,211	\$2,902	\$2,524	\$2,421	44.9 %
BLUE GRASS ENERGY	2,138	2,147	2,002	2,212	1,770	20.8
CLARK ENERGY COOP	2,120	2,290	1,998	1,938	1,846	14.8
CUMBERLAND VALLEY	2,065	1,986	1,924	1,752	1,678	23.1
FARMERS	1,660	1,597	1,515	1,470	1,351	22.9
FLEMING-MASON	1,754	1,719	1,695	1,529	1,392	26.0
GRAYSON	2,003	1,896	1,674	1,673	1,462	37.0
INTER-COUNTY	1,757	1,801	1,679	1,586	1,521	15.5
JACKSON ENERGY	2,474	2,285	2,119	1,980	1,837	34.7
LICKING VALLEY	1,980	1,858	1,860	1,729	1,650	20.0
NOLIN	3,639	3,452	2,953	2,680	2,491	46.1
OWEN	2,711	2,575	2,443	2,295	2,105	28.8
SALT RIVER ELECTRIC	2,443	2,244	1,974	1,764	1,824	33.9
SHELBY ENERGY	2,115	1,970	1,818	1,904	1,733	22.0
SOUTH KENTUCKY	2,167	2,263	2,160	2,054	1,882	15.1
TAYLOR COUNTY	<u>1,480</u>	<u>1,462</u>	<u>1,426</u>	<u>1,349</u>	<u>1,295</u>	<u>14.3</u>
<b>AVERAGE EKPC</b>	<b>\$2,251</b>	<b>\$2,172</b>	<b>\$2,010</b>	<b>\$1,902</b>	<b>\$1,766</b>	<b>27.5 %</b>
JACKSON PURCHASE	\$2,082	\$2,071	\$1,918	\$1,842	\$1,817	14.6 %
KENERGY	2,384	2,090	1,904	2,107	2,115	12.7
MEADE COUNTY	<u>2,233</u>	<u>2,028</u>	<u>1,895</u>	<u>1,808</u>	<u>1,804</u>	<u>23.8</u>
<b>AVERAGE BIG RIVERS</b>	<b>\$2,233</b>	<b>\$2,064</b>	<b>\$1,905</b>	<b>\$1,920</b>	<b>\$1,911</b>	<b>16.8 %</b>
HICKMAN-FULTON	\$2,157	\$2,029	\$2,092	\$1,888	\$1,607	34.2 %
PENNYRILE	2,114	2,070	2,196	2,036	1,932	9.4
TRI-COUNTY	2,180	2,010	1,960	1,915	1,884	15.7
WARREN	2,921	2,626	2,544	2,342	2,303	26.8
WEST KENTUCKY	<u>2,726</u>	<u>2,684</u>	<u>2,600</u>	<u>2,589</u>	<u>2,497</u>	<u>9.2</u>
<b>AVERAGE TVA</b>	<b>\$2,420</b>	<b>\$2,284</b>	<b>\$2,279</b>	<b>\$2,154</b>	<b>\$2,044</b>	<b>18.4 %</b>
<b>OVERALL AVERAGE</b>	<b>\$2,284</b>	<b>\$2,182</b>	<b>\$2,053</b>	<b>\$1,957</b>	<b>\$1,842</b>	<b>24.0 %</b>

2004  
KENTUCKY ELECTRIC COOPERATIVES  
DENSITY CONSUMERS PER MILE  
STATISTICAL COMPARISONS

<u>COOPERATIVE</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>% CHANGE FROM 2000</u>
BIG SANDY	12.7	12.5	12.4	12.3	12.2	4.1 %
BLUE GRASS ENERGY	8.6	8.5	8.3	8.2	8.1	6.2
CLARK ENERGY COOP	8.6	8.5	8.4	8.3	8.3	3.6
CUMBERLAND VALLEY	10.1	9.9	9.7	9.5	9.3	8.6
FARMERS	6.6	6.6	6.5	6.5	6.4	3.1
FLEMING-MASON	6.7	6.6	6.6	6.5	6.4	4.7
GRAYSON	6.3	6.2	6.2	6.2	6.0	5.0
INTER-COUNTY	7.1	7.1	7.1	7.0	6.9	2.9
JACKSON ENERGY	9.0	9.0	9.0	8.9	8.8	2.3
LICKING VALLEY	8.0	8.3	8.0	8.0	8.0	0.0
NOLIN	10.4	10.2	10.2	10.0	9.9	5.1
OWEN	10.7	10.5	10.2	9.9	9.7	10.3
SALT RIVER ELECTRIC	11.4	11.2	11.0	10.9	10.9	4.6
SHELBY ENERGY	7.0	7.0	7.0	6.9	6.7	4.5
SOUTH KENTUCKY	9.4	9.4	9.3	9.3	9.2	2.2
TAYLOR COUNTY	<u>7.1</u>	<u>7.7</u>	<u>7.6</u>	<u>7.5</u>	<u>7.4</u>	<u>-4.1</u>
<b>AVERAGE EKPC</b>	<b>8.8</b>	<b>8.7</b>	<b>8.6</b>	<b>8.5</b>	<b>8.4</b>	<b>4.8 %</b>
JACKSON PURCHASE	8.7	8.7	8.7	8.7	8.6	1.2 %
KENERGY	7.7	7.6	7.6	7.6	7.6	1.3
MEADE COUNTY	<u>9.1</u>	<u>9.1</u>	<u>9.0</u>	<u>8.9</u>	<u>8.8</u>	<u>3.4</u>
<b>AVERAGE BIG RIVERS</b>	<b>8.2</b>	<b>8.2</b>	<b>8.2</b>	<b>8.2</b>	<b>8.1</b>	<b>1.2 %</b>
HICKMAN-FULTON	5.5	5.5	5.5	5.5	5.5	0.0 %
PENNYRILE	9.0	8.9	8.9	8.2	8.8	2.3
TRI-COUNTY	9.1	9.1	9.1	9.1	9.0	1.1
WARREN	10.1	10.0	9.9	9.8	9.7	4.1
WEST KENTUCKY	<u>9.5</u>	<u>9.5</u>	<u>9.4</u>	<u>9.4</u>	<u>9.4</u>	<u>1.1</u>
<b>AVERAGE TVA</b>	<b>9.3</b>	<b>9.2</b>	<b>9.2</b>	<b>9.0</b>	<b>9.1</b>	<b>2.2 %</b>
<b>OVERALL AVERAGE</b>	<b>8.8</b>	<b>8.7</b>	<b>8.7</b>	<b>8.6</b>	<b>8.5</b>	<b>3.5 %</b>

KENTUCKY ELECTRIC COOPERATIVES  
OPERATING EXPENSE AND STATISTICAL COMPARISONS  
2004 - 2003 ANNUAL COMPARISON

	AVERAGE EXPENSE PER CONSUMER EKPC			AVERAGE EXPENSE PER CONSUMER TVA		
	2004	2003	CHANGE	2004	2003	CHANGE
DISTRIBUTION OPERATION	\$ 57.00	\$ 54.00	\$ 3.00	\$ 68.00	\$ 68.00	\$ -
DISTRIBUTION MAINTENANCE	\$ 82.00	\$ 78.00	\$ 4.00	\$ 102.00	\$ 89.00	\$ 13.00
ACCOUNTING	\$ 47.00	\$ 46.00	\$ 1.00	\$ 50.00	\$ 52.00	\$ (2.00)
CONSUMER INFORMATION	\$ 10.00	\$ 11.00	\$ (1.00)	\$ 8.00	\$ 8.00	\$ -
ADMINISTRATION	\$ 60.00	\$ 61.00	\$ (1.00)	\$ 61.00	\$ 57.00	\$ 4.00
<b>TOTAL PER CONSUMER</b>	<b>\$ 256.00</b>	<b>\$ 250.00</b>	<b>\$ 6.00</b>	<b>\$ 289.00</b>	<b>\$ 274.00</b>	<b>\$ 15.00</b>

OTHER STATISTICAL INFORMATION				OTHER STATISTICAL INFORMATION			
NUMBER OF EMPLOYEES	1,187	1,169	18	NUMBER OF EMPLOYEES	516	517	(1)
MILES OF LINE	55,223	54,515	708	MILES OF LINE	20,383	20,289	94
CONSUMERS BILLED	484,831	473,754	11,077	CONSUMERS BILLED	189,344	187,005	2,339
MILES OF LINE PER EMPLOYEE	46.6	46.7	(0.1)	MILES OF LINE PER EMPLOYEE	39.6	39.4	0.2
CONSUMER PER EMPLOYEE	409	406	3	CONSUMER PER EMPLOYEE	368	363	5
DENSITY CONSUMERS PER MILE	8.8	8.7	0.1	DENSITY CONSUMERS PER MILE	9.3	9.2	0.1

	AVERAGE EXPENSE PER CONSUMER BIG RIVERS			AVERAGE EXPENSE PER CONSUMER OVERALL AVERAGE		
	2004	2003	CHANGE	2004	2003	CHANGE
DISTRIBUTION OPERATION	\$ 53.00	\$ 52.00	\$ 1.00	\$ 59.00	\$ 57.00	\$ 2.00
DISTRIBUTION MAINTENANCE	\$ 111.00	\$ 94.00	\$ 17.00	\$ 90.00	\$ 83.00	\$ 7.00
ACCOUNTING	\$ 44.00	\$ 44.00	\$ -	\$ 47.00	\$ 47.00	\$ -
CONSUMER INFORMATION	\$ 7.00	\$ 7.00	\$ -	\$ 9.00	\$ 10.00	\$ (1.00)
ADMINISTRATION	\$ 50.00	\$ 48.00	\$ 2.00	\$ 59.00	\$ 58.00	\$ 1.00
<b>TOTAL PER CONSUMER</b>	<b>\$ 265.00</b>	<b>\$ 245.00</b>	<b>\$ 20.00</b>	<b>\$ 264.00</b>	<b>\$ 255.00</b>	<b>\$ 9.00</b>

OTHER STATISTICAL INFORMATION				OTHER STATISTICAL INFORMATION			
NUMBER OF EMPLOYEES	298	296	2	NUMBER OF EMPLOYEES	2,001	1,982	19
MILES OF LINE	12,905	12,764	141	MILES OF LINE	88,511	87,568	943
CONSUMERS BILLED	106,414	104,765	1,649	CONSUMERS BILLED	780,589	765,524	15,065
MILES OF LINE PER EMPLOYEE	43.5	43.0	0.5	MILES OF LINE PER EMPLOYEE	44.4	44.0	0.4
CONSUMER PER EMPLOYEE	358	353	5	CONSUMER PER EMPLOYEE	392	384	8
DENSITY CONSUMERS PER MILE	8.2	8.2	0.0	DENSITY CONSUMERS PER MILE	8.8	8.7	0.1

2004  
KENTUCKY ELECTRIC COOPERATIVES  
MILES OF LINE  
STATISTICAL COMPARISONS

<u>COOPERATIVE</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>% CHANGE FROM 2000</u>
BIG SANDY	1,003	1,001	998	995	986	1.7 %
BLUE GRASS ENERGY	5,912	5,847	5,794	5,747	5,673	4.2
CLARK ENERGY COOP	2,900	2,865	2,845	2,805	2,754	5.3
CUMBERLAND VALLEY	2,503	2,479	2,447	2,411	2,376	5.3
FARMERS	3,416	3,382	3,348	3,318	3,286	4.0
FLEMING-MASON	3,386	3,346	3,311	3,274	3,243	4.4
GRAYSON	2,400	2,377	2,358	2,334	2,309	3.9
INTER-COUNTY	3,409	3,324	3,276	3,236	3,192	6.8
JACKSON ENERGY	5,552	5,486	5,437	5,392	5,345	3.9
LICKING VALLEY	2,002	1,991	1,976	1,949	1,931	3.7
NOLIN	2,802	2,763	2,722	2,682	2,638	6.2
OWEN	4,836	4,771	4,690	4,618	4,544	6.4
SALT RIVER ELECTRIC	3,649	3,572	3,497	3,413	3,300	10.6
SHELBY ENERGY	1,978	1,952	1,929	1,901	1,874	5.5
SOUTH KENTUCKY	6,408	6,321	6,234	6,149	6,064	5.7
TAYLOR COUNTY	<u>3,067</u>	<u>3,038</u>	<u>3,006</u>	<u>2,978</u>	<u>2,943</u>	<u>4.2</u>
<b>TOTAL EKPC</b>	<b>55,223</b>	<b>54,515</b>	<b>53,868</b>	<b>53,202</b>	<b>52,458</b>	<b>5.3 %</b>
JACKSON PURCHASE	3,180	3,142	3108	3082	3048	4.3 %
KENERGY	6,859	6,801	6739	6677	6614	3.7
MEADE COUNTY	<u>2,866</u>	<u>2,821</u>	<u>2792</u>	<u>2755</u>	<u>2717</u>	<u>5.5</u>
<b>TOTAL BIG RIVERS</b>	<b>12,905</b>	<b>12,764</b>	<b>12,639</b>	<b>12,514</b>	<b>12,379</b>	<b>4.2 %</b>
HICKMAN-FULTON	682	685	688	688	688	-0.9 %
PENNYRILE	4,986	4,977	4,971	4,961	4,871	2.4
TRI-COUNTY	5,358	5,331	5,299	5,262	5,212	2.8
WARREN	5,449	5,418	5,378	5,343	5,291	3.0
WEST KENTUCKY	<u>3,908</u>	<u>3,878</u>	<u>3,855</u>	<u>3,826</u>	<u>3,796</u>	<u>3.0</u>
<b>TOTAL TVA</b>	<b>20,383</b>	<b>20,289</b>	<b>20,191</b>	<b>20,080</b>	<b>19,858</b>	<b>2.6 %</b>
<b>OVERALL TOTAL</b>	<b>88,511</b>	<b>87,568</b>	<b>86,698</b>	<b>85,796</b>	<b>84,695</b>	<b>4.5 %</b>

2004  
KENTUCKY ELECTRIC COOPERATIVES  
TOTAL AVERAGE NUMBER OF CONSUMERS BILLED  
STATISTICAL COMPARISONS

<u>COOPERATIVE</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>% CHANGE FROM 2000</u>
BIG SANDY	12,705	12,509	12,375	12,193	12,053	5.4 %
BLUE GRASS ENERGY	50,774	49,421	48,347	47,093	45,872	10.7
CLARK ENERGY COOP	24,796	24,376	23,977	23,428	22,916	8.2
CUMBERLAND VALLEY	25,224	24,499	23,776	22,950	22,011	14.6
FARMERS	22,680	22,238	21,861	21,409	21,052	7.7
FLEMING-MASON	22,580	22,122	21,762	21,283	20,884	8.1
GRAYSON	15,113	14,827	14,673	14,360	14,126	7.0
INTER-COUNTY	24,059	23,672	23,220	22,691	22,161	8.6
JACKSON ENERGY	49,926	49,336	48,989	48,109	47,208	5.8
LICKING VALLEY	16,794	16,597	16,345	16,126	15,927	5.4
NOLIN	29,050	28,301	27,628	26,918	26,180	11.0
OWEN	51,811	49,940	47,741	45,691	43,879	18.1
SALT RIVER ELECTRIC	41,458	39,876	38,574	37,154	35,822	15.7
SHELBY ENERGY	14,087	13,728	13,395	13,021	12,635	11.5
SOUTH KENTUCKY	60,128	59,081	58,058	56,877	55,685	8.0
TAYLOR COUNTY	<u>23,646</u>	<u>23,231</u>	<u>22,802</u>	<u>22,317</u>	<u>21,869</u>	<u>8.1</u>
<b>TOTAL EKPC</b>	<b>484,831</b>	<b>473,754</b>	<b>463,523</b>	<b>451,620</b>	<b>440,307</b>	<b>10.1 %</b>
JACKSON PURCHASE	27,704	27,343	27,086	26,647	26,123	6.1 %
KENERGY	52,592	51,869	51,314	50,799	50,136	4.9
MEADE COUNTY	<u>26,118</u>	<u>25,553</u>	<u>25,084</u>	<u>24,544</u>	<u>24,013</u>	<u>8.8</u>
<b>TOTAL BIG RIVERS</b>	<b>106,414</b>	<b>104,765</b>	<b>103,484</b>	<b>101,990</b>	<b>100,272</b>	<b>6.1 %</b>
HICKMAN-FULTON	3,752	3,766	3,770	3,764	3,750	0.1 %
PENNYRILE	44,653	44,028	44,021	40,574	42,777	4.4
TRI-COUNTY	48,867	48,483	48,290	47,745	47,181	3.6
WARREN	55,079	54,073	53,239	52,353	51,409	7.1
WEST KENTUCKY	<u>36,993</u>	<u>36,655</u>	<u>36,313</u>	<u>36,024</u>	<u>35,781</u>	<u>3.4</u>
<b>TOTAL TVA</b>	<b>189,344</b>	<b>187,005</b>	<b>185,633</b>	<b>180,460</b>	<b>180,898</b>	<b>4.7 %</b>
<b>OVERALL TOTAL</b>	<b>780,589</b>	<b>765,524</b>	<b>752,640</b>	<b>734,070</b>	<b>721,477</b>	<b>8.2 %</b>

**2004**  
**KENTUCKY ELECTRIC COOPERATIVES**  
**TOTAL RESIDENTIAL REVENUES**  
**STATISTICAL COMPARISONS**

<u>COOPERATIVE</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>% CHANGE FROM 2000</u>
BIG SANDY	11,398,809	10,605,561	10,231,337	9,849,267	9,427,035	20.9 %
BLUE GRASS ENERGY	49,545,080	45,288,666	43,124,978	42,158,650	37,704,440	31.4
CLARK ENERGY COOP	22,143,145	20,514,937	19,972,264	19,172,226	17,276,197	28.2
CUMBERLAND VALLEY	19,173,225	18,027,748	17,538,916	16,578,243	15,900,588	20.6
FARMERS	19,208,242	17,815,396	17,159,247	16,810,308	15,240,472	26.0
FLEMING-MASON	18,430,538	15,570,174	16,016,228	14,739,201	12,994,036	41.8
GRAYSON	13,861,532	13,068,736	12,765,519	12,103,891	11,365,942	22.0
INTER-COUNTY	24,142,722	22,880,567	26,098,342	20,728,908	19,526,033	23.6
JACKSON ENERGY	51,653,862	48,569,903	47,136,342	43,705,943	39,078,965	32.2
LICKING VALLEY	14,263,281	13,170,886	12,863,499	12,442,876	11,789,972	21.0
NOLIN	28,076,279	25,415,952	24,859,471	23,398,596	22,395,921	25.4
OWEN	47,113,587	42,680,828	40,989,542	38,244,753	34,912,330	34.9
SALT RIVER ELECTRIC	39,732,157	36,031,040	34,606,956	32,552,323	29,754,911	33.5
SHELBY ENERGY	14,268,131	13,127,239	12,741,343	12,146,644	11,106,049	28.5
SOUTH KENTUCKY	48,838,870	44,138,209	42,397,806	41,867,831	38,434,185	27.1
TAYLOR COUNTY	<u>19,056,126</u>	<u>18,004,463</u>	<u>1,695,466</u>	<u>17,087,200</u>	<u>15,038,747</u>	<u>26.7</u>
<b>TOTAL EKPC</b>	<b>440,905,586</b>	<b>404,910,305</b>	<b>395,455,416</b>	<b>373,586,860</b>	<b>341,945,823</b>	<b>28.9 %</b>
JACKSON PURCHASE	22,841,472	22,574,806	23,112,041	21,604,525	22,616,082	1.0 %
KENERGY	42,207,989	41,020,077	41,918,818	39,681,220	38,846,288	8.7
MEADE COUNTY	<u>18,944,590</u>	<u>18,213,337</u>	<u>18,036,885</u>	<u>17,078,123</u>	<u>16,644,537</u>	<u>13.8</u>
<b>TOTAL BIG RIVERS</b>	<b>83,994,051</b>	<b>81,808,220</b>	<b>83,067,744</b>	<b>78,363,868</b>	<b>78,106,907</b>	<b>7.5 %</b>
HICKMAN-FULTON	4,000,868	3,805,948	3,604,578	3,597,805	2,529,478	58.2 %
PENNYRILE	41,000,292	38,718,311	37,873,562	38,821,550	36,344,322	12.8
TRI-COUNTY	44,800,930	42,833,960	41,365,737	38,715,454	37,773,301	18.6
WARREN	55,933,218	52,358,896	51,327,632	49,529,345	47,034,747	18.9
WEST KENTUCKY	<u>35,207,258</u>	<u>34,117,587</u>	<u>34,460,472</u>	<u>32,924,262</u>	<u>32,713,064</u>	<u>7.6</u>
<b>TOTAL TVA</b>	<b>180,942,566</b>	<b>171,834,702</b>	<b>168,631,981</b>	<b>163,588,416</b>	<b>156,394,912</b>	<b>15.7 %</b>
<b>OVERALL TOTAL</b>	<b>705,842,203</b>	<b>658,553,227</b>	<b>647,155,141</b>	<b>615,539,144</b>	<b>576,447,642</b>	<b>22.4 %</b>

**KENTUCKY ELECTRIC COOPERATIVES  
OPERATING EXPENSE STATISTICAL COMPARISONS  
AVERAGE ANNUAL BASIS**

COOPERATIVE NAME	DISTRIBUTION OPERATION PER CONSUMER	DISTRIBUTION MAINTENANCE PER CONSUMER	TOTAL OP. & MAINT. PER CONSUMER	CONSUMER ACCOUNTING PER CONSUMER	CONSUMER INFORMATION PER CONSUMER	ADM. & GEN. EXPENSE PER CONSUMER	TOTAL EXPENSE PER CONSUMER	NUMBER OF EMPLOYEES	MILES OF LINE	MILES OF CONSUMERS BILLED	MILES OF LINE PER EMPLOYEE	CONSUMERS PER EMPLOYEE	DENSITY CONSUMERS PER MILE
BIG SANDY RECC	45	84	129	45	11	92	277	44	1,003	12,705	22.8	289	12.7
BLUE GRASS ENERGY COOP	39	81	120	46	16	67	249	114	5,912	50,774	51.9	445	8.6
CLARK ENERGY COOP	51	68	139	40	12	57	248	52	2,900	24,796	55.8	477	8.6
CUMBERLAND VALLEY ELECTRIC	45	72	117	38	6	44	205	43	2,503	25,224	58.2	347	10.1
FARMERS RECC	41	90	131	40	11	68	250	73	3,416	22,980	46.8	311	6.6
FLEMING-MASON ENERGY	46	102	148	58	6	51	263	51	3,386	22,580	66.0	443	6.7
GRAYSON RECC	53	126	179	49	9	81	318	44	2,349	15,113	54.6	343	6.3
INTER-COUNTY ENERGY	68	48	116	56	19	58	249	61	3,406	24,059	55.9	394	7.1
JACKSON ENERGY COOP	59	91	150	57	7	61	275	131	5,552	49,926	42.4	381	9.0
LICKING VALLEY RECC	62	72	134	35	8	59	236	40	2,092	15,794	50.0	420	9.0
NOLIN RECC	109	91	200	57	21	73	351	93	2,602	29,950	30.1	312	10.4
OWEN EC	67	71	138	56	7	52	253	121	4,836	51,811	40.0	429	10.7
SALT RIVER ELECTRIC	50	57	107	40	11	57	215	77	3,649	41,458	47.4	536	11.4
SHELBY ENERGY COOP	78	110	188	50	11	48	297	32	1,978	14,087	82.0	440	7.0
SOUTH KENTUCKY RECC	50	74	124	50	7	50	231	155	6,408	60,128	41.3	388	9.4
TAYLOR COUNTY RECC	55	53	108	33	4	47	192	56	3,667	23,646	54.8	422	7.1
EKPC GROUP AVERAGE	57	82	139	47	10	60	256	74	3,451	30,302	46.6	409	8.8
JACKSON PURCHASE ENERGY	38	94	132	40	7	60	239	73	3,180	27,704	43.6	317	8.7
KENERGY CORP	63	146	209	49	6	47	311	168	6,859	52,592	41.3	380	7.7
MEADE COUNTY RECC	58	92	150	44	8	43	245	59	2,966	26,118	49.0	443	9.1
BIG RIVERS GROUP AVERAGE	53	111	164	44	7	50	265	99	4,302	35,471	43.5	358	8.2
HICKMAN-FULTON COUNTIES RECC	60	183	243	44	3	102	392	13	632	3,752	52.5	268	5.5
PENNYRILE RECC	67	69	136	45	8	47	236	123	4,386	44,653	40.5	363	9.0
TRI-COUNTY EMC	81	64	145	47	10	37	239	141	5,359	48,867	38.0	347	9.1
WARREN RECC	65	89	154	47	12	76	289	153	5,419	55,079	35.6	350	10.1
WEST KENTUCKY RECC	68	104	172	69	6	41	288	86	3,908	36,993	45.5	430	9.5
TVA GROUP AVERAGE	68	102	170	50	8	61	289	103	4,077	37,869	39.6	368	9.3
OVERALL AVERAGE	59	90	149	47	9	59	254	83	3,688	32,525	44.4	392	8.8

KENTUCKY ELECTRIC COOPERATIVES  
OPERATING EXPENSE STATISTICAL COMPARISONS  
AVERAGE ANNUAL BASIS

COOPERATIVE NAME	DISTRIBUTION OPERATION PER MILE	DISTRIBUTION MAINTENANCE PER MILE	TOTAL OP. & MAINT. PER MILE	CONSUMER ACCOUNTING PER MILE	CONSUMER INFORMATION PER MILE	ADM. & GEN. EXPENSE PER MILE	TOTAL EXPENSE PER MILE	NUMBER OF EMPLOYEES	MILES OF LINE	RESIDENTIAL CONSUMERS BILLED	TOTAL RESIDENTIAL REVENUES	AVERAGE MONTHLY RES'L REV.
BIG SANDY RECC	570	1074	1,634	570	139	1165	3,508	44	1,003	11,665	11,398,809	81.4
BLUE GRASS ENERGY COOP	335	896	1,031	395	137	575	2,138	114	5,912	46,688	49,555,061	84.9
CLARK ENERGY COOP	436	752	1,188	342	103	487	2,120	52	2,900	23,306	22,143,145	79.2
CUMBERLAND VALLEY ELECTRIC	453	726	1,179	383	60	443	2,065	43	2,503	23,682	19,173,225	67.5
FARMERS RECC	272	598	870	266	73	451	1,650	73	3,416	21,175	19,298,242	75.6
FLEMING-MASON ENERGY	317	680	987	387	40	340	1,754	51	3,366	20,861	19,430,538	73.9
GRAYSON RECC	334	793	1,127	309	57	510	2,003	44	2,400	13,909	13,861,532	83.1
INTER-COUNTY ENERGY	480	339	819	395	134	409	1,757	61	3,409	23,100	24,142,742	87.1
JACKSON ENERGY COOP	531	818	1,349	513	63	549	2,474	131	5,552	46,760	51,651,892	92.1
LICKING VALLEY RECC	520	604	1,124	294	67	495	1,980	40	2,002	15,697	14,263,281	75.7
NOLIN RECC	1130	943	2,073	591	218	757	3,639	93	2,802	27,344	29,076,279	85.6
OWEN EC	718	761	1,479	600	75	557	2,711	121	4,836	49,741	47,113,587	78.9
SALT RIVER ELECTRIC	588	648	1,216	454	125	648	2,443	77	3,649	36,957	39,742,157	86.9
SHELBY ENERGY COOP	556	783	1,339	356	78	342	2,115	32	1,978	13,558	14,268,131	87.7
SOUTH KENTUCKY RECC	469	694	1,163	469	66	469	2,167	155	6,408	55,478	48,839,670	73.4
TAYLOR COUNTY RECC	424	409	833	254	31	362	1,480	56	3,067	21,076	19,056,126	75.4
EXPC GROUP AVERAGE	506	707	1,213	411	92	535	2,251	74	3,451	28,437	27,556,599	80.8
JACKSON PURCHASE ENERGY	331	819	1,150	348	61	523	2,082	73	3,180	25,030	22,841,472	76.1
KENERGY CORP	483	1119	1,602	376	46	360	2,384	166	6,659	45,579	47,207,989	71.2
MEADE COUNTY RECC	529	838	1,367	401	73	392	2,233	59	2,806	24,159	18,944,592	65.4
BIG RIVERS GROUP AVERAGE	448	925	1,373	375	60	425	2,233	99	4,302	31,589	27,988,017	73.9
HICKMAN-FULTON COUNTIES RECC	330	1007	1,337	242	17	561	2,157	13	682	3,033	4,039,868	105.9
PENNYRILE RECC	600	618	1,218	403	72	421	2,114	123	4,986	35,330	41,000,292	91.7
TRI-COUNTY EMC	739	584	1,323	429	91	337	2,180	141	5,358	39,756	44,800,930	93.9
WARREN RECC	657	900	1,557	475	121	768	2,921	153	5,449	46,523	55,933,218	106.2
WEST KENTUCKY RECC	644	984	1,628	653	57	388	2,726	86	3,908	30,691	35,207,258	95.6
TVA GROUP AVERAGE	594	819	1,413	440	72	495	2,420	103	4,077	31,075	36,188,513	97.1
OVERALL AVERAGE	517	757	1,274	413	84	513	2,284	83	3,688	29,381	29,410,092	83.4

2003  
KENTUCKY ELECTRIC COOPERATIVES'  
AVERAGE EXPENSE PER CONSUMER  
STATISTICAL COMPARISONS

<u>COOPERATIVE</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>% CHANGE FROM 1999</u>
BIG SANDY	\$257	\$234	\$206	\$198	\$193	33.2 %
BLUE GRASS ENERGY	254	240	237	219	206	23.3
CLARK ENERGY COOP	269	237	232	222	226	19.0
CUMBERLAND VALLEY	201	198	184	181	197	2.0
FARMERS	243	232	228	211	199	22.1
FLEMING-MASON	260	258	235	216	187	39.0
GRAYSON	304	269	272	239	195	55.9
INTER-COUNTY	253	237	226	219	214	18.2
JACKSON ENERGY	254	235	222	208	194	30.9
LICKING VALLEY	223	225	209	200	184	21.2
NOLIN	337	291	267	251	247	36.4
OWEN	246	240	232	218	207	18.8
SALT RIVER ELECTRIC	201	179	168	168	167	20.4
SHELBY ENERGY	280	262	278	257	254	10.2
SOUTH KENTUCKY	242	232	222	205	183	32.2
TAYLOR COUNTY	<u>191</u>	<u>188</u>	<u>180</u>	<u>174</u>	<u>163</u>	<u>17.2</u>
<b>AVERAGE EKPC</b>	<b>\$250</b>	<b>\$235</b>	<b>\$232</b>	<b>\$212</b>	<b>\$203</b>	<b>23.2 %</b>
JACKSON PURCHASE	\$238	\$220	\$213	\$212	\$233	2.1 %
KENERGY	274	250	277	279	321	-14.6
MEADE COUNTY	<u>224</u>	<u>211</u>	<u>203</u>	<u>204</u>	<u>202</u>	<u>10.9</u>
<b>AVERAGE BIG RIVERS</b>	<b>\$245</b>	<b>\$226</b>	<b>\$230</b>	<b>\$232</b>	<b>\$252</b>	<b>-2.8 %</b>
HICKMAN-FULTON	\$369	\$382	\$345	\$295	\$310	19.0 %
PENNYRILE	234	248	249	220	224	4.5
TRI-COUNTY	221	215	211	208	202	9.4
WARREN	263	257	239	237	233	12.9
WEST KENTUCKY	<u>284</u>	<u>276</u>	<u>275</u>	<u>265</u>	<u>256</u>	<u>10.9</u>
<b>AVERAGE TVA</b>	<b>\$274</b>	<b>\$276</b>	<b>\$262</b>	<b>\$245</b>	<b>\$245</b>	<b>11.8 %</b>
<b>OVERALL AVERAGE</b>	<b>\$255</b>	<b>\$242</b>	<b>\$238</b>	<b>\$221</b>	<b>\$218</b>	<b>17.0 %</b>

2003  
KENTUCKY ELECTRIC COOPERATIVES'  
AVERAGE EXPENSE PER MILE OF LINE  
STATISTICAL COMPARISONS

<u>COOPERATIVE</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>% CHANGE FROM 1999</u>
BIG SANDY	\$3,211	\$2,902	\$2,524	\$2,421	\$2,364	35.8 %
BLUE GRASS ENERGY	2,147	2,002	2,298	2,087	1,924	11.6
CLARK ENERGY COOP	2,290	1,998	1,938	1,846	1,868	22.6
CUMBERLAND VALLEY	1,986	1,924	1,752	1,678	1,768	12.3
FARMERS	1,597	1,515	1,470	1,351	1,253	27.5
FLEMING-MASON	1,719	1,695	1,529	1,392	1,192	44.2
GRAYSON	1,896	1,674	1,673	1,462	1,203	57.6
INTER-COUNTY	1,801	1,679	1,586	1,521	1,459	23.4
JACKSON ENERGY	2,285	2,119	1,980	1,837	1,693	35.0
LICKING VALLEY	1,858	1,860	1,729	1,650	1,502	23.7
NOLIN	3,452	2,953	2,680	2,491	2,422	42.5
OWEN	2,575	2,443	2,295	2,105	1,963	31.2
SALT RIVER ELECTRIC	2,244	1,974	1,764	1,824	1,783	25.9
SHELBY ENERGY	1,970	1,818	1,904	1,733	1,671	17.9
SOUTH KENTUCKY	2,263	2,160	2,054	1,882	1,666	35.8
TAYLOR COUNTY	<u>1,462</u>	<u>1,426</u>	<u>1,349</u>	<u>1,295</u>	<u>1,199</u>	<u>21.9</u>
<b>AVERAGE EKPC</b>	<b>\$2,172</b>	<b>\$2,010</b>	<b>\$1,918</b>	<b>\$1,755</b>	<b>\$1,660</b>	<b>30.8 %</b>
JACKSON PURCHASE	\$2,071	\$1,918	\$1,842	\$1,817	\$1,993	3.9 %
KENERGY	2,090	1,904	2,107	2,115	2,404	-13.1
MEADE COUNTY	<u>2,028</u>	<u>1,895</u>	<u>1,808</u>	<u>1,804</u>	<u>1,768</u>	<u>14.7</u>
<b>AVERAGE BIG RIVERS</b>	<b>\$2,064</b>	<b>\$1,905</b>	<b>\$1,920</b>	<b>\$1,911</b>	<b>\$2,054</b>	<b>0.5 %</b>
HICKMAN-FULTON	\$2,029	\$2,092	\$1,888	\$1,607	\$1,672	21.4 %
PENNYRILE	2,070	2,196	2,036	1,932	1,919	7.9
TRI-COUNTY	2,010	1,960	1,915	1,884	1,814	10.8
WARREN	2,626	2,544	2,342	2,303	2,031	29.3
WEST KENTUCKY	<u>2,684</u>	<u>2,600</u>	<u>2,589</u>	<u>2,497</u>	<u>2,388</u>	<u>12.4</u>
<b>AVERAGE TVA</b>	<b>\$2,284</b>	<b>\$2,279</b>	<b>\$2,154</b>	<b>\$2,044</b>	<b>\$1,964</b>	<b>16.3 %</b>
<b>OVERALL AVERAGE</b>	<b>\$2,182</b>	<b>\$2,053</b>	<b>\$1,965</b>	<b>\$1,833</b>	<b>\$1,769</b>	<b>23.3 %</b>

2003  
KENTUCKY ELECTRIC COOPERATIVES'  
AVERAGE EXPENSE PER MILE OF LINE  
STATISTICAL COMPARISONS

<u>COOPERATIVE</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>% CHANGE FROM 1999</u>
BIG SANDY	\$3,211	\$2,902	\$2,524	\$2,421	\$2,364	35.8 %
BLUE GRASS ENERGY	2,147	2,002	2,298	2,087	1,924	11.6
CLARK ENERGY COOP	2,290	1,998	1,938	1,846	1,868	22.6
CUMBERLAND VALLEY	1,986	1,924	1,752	1,678	1,768	12.3
FARMERS	1,597	1,515	1,470	1,351	1,253	27.5
FLEMING-MASON	1,719	1,695	1,529	1,392	1,192	44.2
GRAYSON	1,896	1,674	1,673	1,462	1,203	57.6
INTER-COUNTY	1,801	1,679	1,586	1,521	1,459	23.4
JACKSON ENERGY	2,285	2,119	1,980	1,837	1,693	35.0
LICKING VALLEY	1,858	1,860	1,729	1,650	1,502	23.7
NOLIN	3,452	2,953	2,680	2,491	2,422	42.5
OWEN	2,575	2,443	2,295	2,105	1,963	31.2
SALT RIVER ELECTRIC	2,244	1,974	1,764	1,824	1,783	25.9
SHELBY ENERGY	1,970	1,818	1,904	1,733	1,671	17.9
SOUTH KENTUCKY	2,263	2,160	2,054	1,882	1,666	35.8
TAYLOR COUNTY	<u>1,462</u>	<u>1,426</u>	<u>1,349</u>	<u>1,295</u>	<u>1,199</u>	<u>21.9</u>
<b>AVERAGE EKPC</b>	<b>\$2,172</b>	<b>\$2,010</b>	<b>\$1,918</b>	<b>\$1,755</b>	<b>\$1,660</b>	<b>30.8 %</b>
JACKSON PURCHASE	\$2,071	\$1,918	\$1,842	\$1,817	\$1,993	3.9 %
KENERGY	2,090	1,904	2,107	2,115	2,404	-13.1
MEADE COUNTY	<u>2,028</u>	<u>1,895</u>	<u>1,808</u>	<u>1,804</u>	<u>1,768</u>	<u>14.7</u>
<b>AVERAGE BIG RIVERS</b>	<b>\$2,064</b>	<b>\$1,905</b>	<b>\$1,920</b>	<b>\$1,911</b>	<b>\$2,054</b>	<b>0.5 %</b>
HICKMAN-FULTON	\$2,029	\$2,092	\$1,888	\$1,607	\$1,672	21.4 %
PENNYRILE	2,070	2,196	2,036	1,932	1,919	7.9
TRI-COUNTY	2,010	1,960	1,915	1,884	1,814	10.8
WARREN	2,626	2,544	2,342	2,303	2,031	29.3
WEST KENTUCKY	<u>2,684</u>	<u>2,600</u>	<u>2,589</u>	<u>2,497</u>	<u>2,388</u>	<u>12.4</u>
<b>AVERAGE TVA</b>	<b>\$2,284</b>	<b>\$2,279</b>	<b>\$2,154</b>	<b>\$2,044</b>	<b>\$1,964</b>	<b>16.3 %</b>
<b>OVERALL AVERAGE</b>	<b>\$2,182</b>	<b>\$2,053</b>	<b>\$1,965</b>	<b>\$1,833</b>	<b>\$1,769</b>	<b>23.3 %</b>

2003  
KENTUCKY ELECTRIC COOPERATIVES'  
DENSITY CONSUMERS PER MILE  
STATISTICAL COMPARISONS

<u>COOPERATIVE</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>% CHANGE</u>	
					<u>1999</u>	<u>FROM 1999</u>
BIG SANDY	12.5	12.4	12.3	12.2	12.3	1.6 %
BLUE GRASS ENERGY	8.5	8.3	9.7	9.5	9.3	-8.6
CLARK ENERGY COOP	8.5	8.4	8.3	8.3	8.3	2.4
CUMBERLAND VALLEY	9.9	9.7	9.5	9.3	9.0	10.0
FARMERS	6.6	6.5	6.5	6.4	6.4	3.1
FLEMING-MASON	6.6	6.6	6.5	6.4	6.4	3.1
GRAYSON	6.2	6.2	6.2	6.0	6.0	3.3
INTER-COUNTY	7.1	7.1	7.0	6.9	6.8	4.4
JACKSON ENERGY	9.0	9.0	8.9	8.8	8.7	3.4
LICKING VALLEY	8.3	8.0	8.0	8.0	8.0	3.8
NOLIN	10.2	10.2	10.0	9.9	9.8	4.1
OWEN	10.5	10.2	9.9	9.7	9.5	10.5
SALT RIVER ELECTRIC	11.2	11.0	10.9	10.9	10.7	4.7
SHELBY ENERGY	7.0	7.0	6.9	6.7	6.6	6.1
SOUTH KENTUCKY	9.4	9.3	9.3	9.2	9.1	3.3
TAYLOR COUNTY	<u>7.7</u>	<u>7.6</u>	<u>7.5</u>	<u>7.4</u>	<u>7.4</u>	<u>4.1</u>
<b>AVERAGE EKPC</b>	<b>8.7</b>	<b>8.6</b>	<b>8.5</b>	<b>8.4</b>	<b>8.3</b>	<b>4.8 %</b>
JACKSON PURCHASE	8.7	8.7	8.7	8.6	8.6	1.2 %
KENERGY	7.6	7.6	7.6	7.6	7.5	1.3
MEADE COUNTY	<u>9.1</u>	<u>9.0</u>	<u>8.9</u>	<u>8.8</u>	<u>8.8</u>	<u>3.4</u>
<b>AVERAGE BIG RIVERS</b>	<b>8.2</b>	<b>8.2</b>	<b>8.2</b>	<b>8.1</b>	<b>8.0</b>	<b>2.5 %</b>
HICKMAN-FULTON	5.5	5.5	5.5	5.5	5.4	1.9 %
PENNYRILE	8.9	8.9	8.2	8.8	8.0	11.3
TRI-COUNTY	9.1	9.1	9.1	9.0	9.0	1.1
WARREN	10.0	9.9	9.8	9.7	8.7	14.9
WEST KENTUCKY	<u>9.5</u>	<u>9.4</u>	<u>9.4</u>	<u>9.4</u>	<u>9.3</u>	<u>2.2</u>
<b>AVERAGE TVA</b>	<b>9.2</b>	<b>9.2</b>	<b>9.0</b>	<b>9.1</b>	<b>8.8</b>	<b>4.5 %</b>
<b>OVERALL AVERAGE</b>	<b>8.7</b>	<b>8.7</b>	<b>8.6</b>	<b>8.5</b>	<b>8.4</b>	<b>3.6 %</b>

KENTUCKY ELECTRIC COOPERATIVES'  
OPERATING EXPENSE AND STATISTICAL COMPARISONS  
2002 - 2003 ANNUAL COMPARISON

AVERAGE EXPENSE PER CONSUMER  
EKPC

	<u>2003</u>	<u>2002</u>	<u>CHANGE</u>
DISTRIBUTION OPERATION	\$ 54.00	\$ 51.00	\$ 3.00
DISTRIBUTION MAINTENANCE	\$ 73.00	\$ 73.00	\$ 5.00
ACCOUNTING	\$ 46.00	\$ 44.00	\$ 2.00
CONSUMER INFORMATION	\$ 11.00	\$ 10.00	\$ 1.00
ADMINISTRATION	\$ 61.00	\$ 57.00	\$ 4.00
<b>TOTAL PER CONSUMER</b>	<b>\$ 250.00</b>	<b>\$ 235.00</b>	<b>\$ 15.00</b>

AVERAGE EXPENSE PER CONSUMER  
TVA

	<u>2003</u>	<u>2002</u>	<u>CHANGE</u>
DISTRIBUTION OPERATION	\$ 68.00	\$ 68.00	\$ -
DISTRIBUTION MAINTENANCE	\$ 89.00	\$ 94.00	\$ (5.00)
ACCOUNTING	\$ 52.00	\$ 53.00	\$ (1.00)
CONSUMER INFORMATION	\$ 8.00	\$ 8.00	\$ -
ADMINISTRATION	\$ 57.00	\$ 53.00	\$ 4.00
<b>TOTAL PER CONSUMER</b>	<b>\$ 274.00</b>	<b>\$ 276.00</b>	<b>\$ (2.00)</b>

OTHER STATISTICAL INFORMATION

NUMBER OF EMPLOYEES	1169	1,178	(9)
MILES OF LINE	54,515	53,868	647
CONSUMERS BILLED	473,754	463,523	10,231
MILES OF LINE PER EMPLOYEE	46.7	45.5	1.2
CONSUMER PER EMPLOYEE	406	391	15
DENSITY CONSUMERS PER MILE	8.7	8.6	0.1

OTHER STATISTICAL INFORMATION

NUMBER OF EMPLOYEES	517	508	9
MILES OF LINE	20,289	20,191	98
CONSUMERS BILLED	187,005	185,633	1,372
MILES OF LINE PER EMPLOYEE	39.4	39.6	(0.2)
CONSUMER PER EMPLOYEE	363	364	(1)
DENSITY CONSUMERS PER MILE	9.2	9.2	0.0

AVERAGE EXPENSE PER CONSUMER  
BIG RIVERS

	<u>2003</u>	<u>2002</u>	<u>CHANGE</u>
DISTRIBUTION OPERATION	\$ 52.00	\$ 52.00	\$ -
DISTRIBUTION MAINTENANCE	\$ 94.00	\$ 81.00	\$ 13.00
ACCOUNTING	\$ 44.00	\$ 44.00	\$ -
CONSUMER INFORMATION	\$ 7.00	\$ 7.00	\$ -
ADMINISTRATION	\$ 48.00	\$ 42.00	\$ 6.00
<b>TOTAL PER CONSUMER</b>	<b>\$ 245.00</b>	<b>\$ 226.00</b>	<b>\$ 19.00</b>

AVERAGE EXPENSE PER CONSUMER  
OVERALL AVERAGE

	<u>2003</u>	<u>2002</u>	<u>CHANGE</u>
DISTRIBUTION OPERATION	\$ 57.00	\$ 54.00	\$ 3.00
DISTRIBUTION MAINTENANCE	\$ 83.00	\$ 78.00	\$ 5.00
ACCOUNTING	\$ 47.00	\$ 46.00	\$ 1.00
CONSUMER INFORMATION	\$ 10.00	\$ 10.00	\$ -
ADMINISTRATION	\$ 58.00	\$ 54.00	\$ 4.00
<b>TOTAL PER CONSUMER</b>	<b>\$ 255.00</b>	<b>\$ 242.00</b>	<b>\$ 13.00</b>

OTHER STATISTICAL INFORMATION

NUMBER OF EMPLOYEES	296	306	(10)
MILES OF LINE	12,764	12,639	125
CONSUMERS BILLED	104,765	103,484	1,281
MILES OF LINE PER EMPLOYEE	43.0	41.3	1.7
CONSUMER PER EMPLOYEE	353	338	15
DENSITY CONSUMERS PER MILE	8.2	8.2	0.0

OTHER STATISTICAL INFORMATION

NUMBER OF EMPLOYEES	1,982	1,992	(10)
MILES OF LINE	87,568	86,698	870
CONSUMERS BILLED	765,524	752,640	12,884
MILES OF LINE PER EMPLOYEE	44.0	43.5	0.5
CONSUMER PER EMPLOYEE	384	378	6
DENSITY CONSUMERS PER MILE	8.7	8.7	0.0

2003  
KENTUCKY ELECTRIC COOPERATIVES'  
MILES OF LINE  
STATISTICAL COMPARISONS

<u>COOPERATIVE</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>% CHANGE FROM 1999</u>
BIG SANDY	1,001	998	995	986	974	2.8 %
BLUE GRASS ENERGY	5,847	5,794	3,492	3,449	3,405	71.7
CLARK ENERGY COOP	2,865	2,845	2,805	2,754	2,716	5.5
CUMBERLAND VALLEY	2,479	2,447	2,411	2,376	2,338	6.0
FARMERS	3,382	3,348	3,318	3,286	3,252	4.0
FLEMING-MASON	3,346	3,311	3,274	3,243	3,194	4.8
GRAYSON	2,377	2,358	2,334	2,309	2,286	4.0
INTER-COUNTY	3,324	3,276	3,236	3,192	3,139	5.9
JACKSON ENERGY	5,486	5,437	5,392	5,345	5,287	3.8
LICKING VALLEY	1,991	1,976	1,949	1,931	1,913	4.1
NOLIN	2,763	2,722	2,682	2,638	2,594	6.5
OWEN	4,771	4,690	4,618	4,544	4,445	7.3
SALT RIVER ELECTRIC	3,572	3,497	3,413	3,300	3,211	11.2
SHELBY ENERGY	1,952	1,929	1,901	1,874	1,846	5.7
SOUTH KENTUCKY	6,321	6,234	6,149	6,064	5,972	5.8
TAYLOR COUNTY	<u>3,038</u>	<u>3,006</u>	<u>2,978</u>	<u>2,943</u>	<u>2,909</u>	<u>4.4</u>
<b>TOTAL EKPC</b>	<b>54,515</b>	<b>53,868</b>	<b>50,947</b>	<b>52,458</b>	<b>51,682</b>	<b>5.5 %</b>
JACKSON PURCHASE	3,142	3108	3082	3048	3006	4.5 %
KENERGY	6,801	6739	6677	6614	6556	3.7
MEADE COUNTY	<u>2,821</u>	<u>2792</u>	<u>2755</u>	<u>2717</u>	<u>2665</u>	<u>5.9</u>
<b>TOTAL BIG RIVERS</b>	<b>12,764</b>	<b>12,639</b>	<b>12,514</b>	<b>12,379</b>	<b>12,227</b>	<b>4.4 %</b>
HICKMAN-FULTON	685	688	688	688	687	-0.3 %
PENNYRILE	4,977	4,971	4,961	4,871	4,862	2.4
TRI-COUNTY	5,331	5,299	5,262	5,212	5,161	3.3
WARREN	5,418	5,378	5,343	5,291	5,781	-6.3
WEST KENTUCKY	<u>3,878</u>	<u>3,855</u>	<u>3,826</u>	<u>3,796</u>	<u>3,791</u>	<u>2.3</u>
<b>TOTAL TVA</b>	<b>20,289</b>	<b>20,191</b>	<b>20,080</b>	<b>19,858</b>	<b>20,282</b>	<b>0.0 %</b>
<b>OVERALL TOTAL</b>	<b>87,568</b>	<b>86,698</b>	<b>85,796</b>	<b>84,695</b>	<b>84,191</b>	<b>4.0 %</b>

2003  
KENTUCKY ELECTRIC COOPERATIVES'  
TOTAL AVERAGE NUMBER OF CONSUMERS BILLED  
STATISTICAL COMPARISONS

<u>COOPERATIVE</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>% CHANGE FROM 1999</u>
BIG SANDY	12,509	12,375	12,193	12,053	11,929	4.9 %
BLUE GRASS ENERGY	49,421	48,347	33,850	32,873	31,816	55.3
CLARK ENERGY COOP	24,376	23,977	23,428	22,916	22,463	8.5
CUMBERLAND VALLEY	24,499	23,776	22,950	22,011	20,972	16.8
FARMERS	22,238	21,861	21,409	21,052	20,469	8.6
FLEMING-MASON	22,122	21,762	21,283	20,884	20,364	8.6
GRAYSON	14,827	14,673	14,360	14,126	14,115	5.0
INTER-COUNTY	23,672	23,220	22,691	22,161	21,409	10.6
JACKSON ENERGY	49,336	48,989	48,109	47,208	46,160	6.9
LICKING VALLEY	16,597	16,345	16,126	15,927	15,614	6.3
NOLIN	28,301	27,628	26,918	26,180	25,441	11.2
OWEN	49,940	47,741	45,691	43,879	42,173	18.4
SALT RIVER ELECTRIC	39,876	38,574	37,154	35,822	34,291	16.3
SHELBY ENERGY	13,728	13,395	13,021	12,635	12,150	13.0
SOUTH KENTUCKY	59,081	58,058	56,877	55,685	54,376	8.7
TAYLOR COUNTY	<u>23,231</u>	<u>22,802</u>	<u>22,317</u>	<u>21,869</u>	<u>21,407</u>	<u>8.5</u>
<b>TOTAL EKPC</b>	<b>473,754</b>	<b>463,523</b>	<b>451,620</b>	<b>440,307</b>	<b>427,755</b>	<b>10.8 %</b>
JACKSON PURCHASE	27,343	27,086	26,647	26,123	25,725	6.3 %
KENERGY	51,869	51,314	50,799	50,136	49,111	5.6
MEADE COUNTY	<u>25,553</u>	<u>25,084</u>	<u>24,544</u>	<u>24,013</u>	<u>23,334</u>	<u>9.5</u>
<b>TOTAL BIG RIVERS</b>	<b>104,765</b>	<b>103,484</b>	<b>101,990</b>	<b>100,272</b>	<b>98,170</b>	<b>6.7 %</b>
HICKMAN-FULTON	3,766	3,770	3,764	3,750	3,708	1.6 %
PENNYRILE	44,028	44,021	40,574	42,777	41,691	5.6
TRI-COUNTY	48,483	48,290	47,745	47,181	46,335	4.6
WARREN	54,073	53,239	52,353	51,409	50,389	7.3
WEST KENTUCKY	<u>36,655</u>	<u>36,313</u>	<u>36,024</u>	<u>35,781</u>	<u>35,387</u>	<u>3.6</u>
<b>TOTAL TVA</b>	<b>187,005</b>	<b>185,633</b>	<b>180,460</b>	<b>180,898</b>	<b>177,510</b>	<b>5.3 %</b>
<b>OVERALL TOTAL</b>	<b>765,524</b>	<b>752,640</b>	<b>734,070</b>	<b>721,477</b>	<b>703,435</b>	<b>8.8 %</b>

**KENTUCKY ELEC. COOPERATIVES'  
OPERATING EXPENSE STATISTICAL COMPARISONS  
AVERAGE ANNUAL BASIS**

COOPERATIVE NAME	DISTRIBUTION OPERATION PER CONSUMER	DISTRIBUTION MAINTENANCE PER CONSUMER	TOTAL OP. & MAINT. PER CONSUMER	CONSUMER ACCOUNTING PER CONSUMER	CONSUMER INFORMATION PER CONSUMER	ADM. & GEN. EXPENSE PER CONSUMER	TOTAL EXPENSE PER CONSUMER	NUMBER OF EMPLOYEES	MILES OF LINE	NUMBER OF CONSUMERS BILLED	MILES OF LINE PER EMPLOYEE	CONSUMERS PER EMPLOYEE	DENSITY CONSUMERS PER MILE
BIG SANDY RECC	42	71	113	46	11	87	257	42	1,001	12,509	23.8	258	12.5
BLUE GRASS ENERGY COOP	38	86	124	42	16	72	254	114	5,817	49,421	51.3	434	8.5
CLARK ENERGY COOP	51	80	131	45	9	84	269	52	2,855	24,376	55.0	469	8.5
CUMBERLAND VALLEY ELECTRIC	45	73	118	35	6	42	201	43	2,479	24,499	57.8	570	9.9
FARMERS RECC	46	79	125	40	11	67	243	73	3,382	22,239	46.3	305	6.6
FLEMING-MASON ENERGY	41	116	157	52	5	46	260	51	3,346	22,122	65.6	434	6.6
GRAYSON RECC	37	143	180	47	9	68	304	42	2,377	14,827	56.6	353	6.2
INTER-COUNTY ENERGY	58	50	118	52	19	64	253	60	3,324	23,672	55.4	395	7.1
JACKSON ENERGY COOP	58	74	132	55	9	58	254	125	5,486	40,336	43.9	195	9.0
LICKING VALLEY RECC	56	61	117	37	9	63	223	39	1,991	16,597	51.1	426	8.3
NOLIN RECC	89	79	168	68	25	76	337	90	2,763	28,301	36.7	114	10.2
OWEN EC	69	63	132	57	10	47	246	113	4,771	49,940	42.4	444	10.5
SALT RIVER ELECTRIC	49	50	99	40	9	53	201	81	3,572	39,876	44.1	492	11.2
SHELBY ENERGY COOP	80	93	173	48	11	48	280	32	1,952	13,728	61.0	429	7.0
SOUTH KENTUCKY RECC	45	86	131	46	11	54	242	157	6,321	59,081	40.3	376	9.4
TAYLOR COUNTY RECC	57	49	106	32	4	48	191	55	3,036	23,231	55.2	422	7.7
EKPC GROUP AVERAGE	54	78	132	46	11	61	250	73	3,407	29,610	46.7	406	8.7
KENERGY CORP	62	111	173	48	6	47	274	164	6,801	51,869	41.5	316	7.6
JACKSON PURCHASE ENERGY	40	96	136	39	8	55	236	73	3,142	27,343	43.0	375	8.7
MEADE COUNTY RECC	54	76	130	45	8	41	224	59	2,821	25,553	47.8	433	9.1
BIG RIVERS GROUP AVERAGE	52	94	146	44	7	48	245	99	4,255	34,922	43.0	353	8.2
HICKMAN-FULTON COUNTIES RECC	63	168	231	44	2	92	369	14	685	3,796	48.9	269	5.5
PENNYRILE RECC	71	58	129	49	9	47	234	123	4,977	44,028	40.5	358	8.9
TRI-COUNTY EMC	71	52	123	52	11	35	221	141	5,331	48,483	37.8	344	9.1
WARREN RECC	66	69	135	48	12	68	263	153	5,418	54,073	35.4	353	10.0
WEST KENTUCKY RECC	69	100	169	57	6	42	284	86	3,878	36,055	45.1	426	9.5
TVA GROUP AVERAGE	68	89	157	52	8	57	274	103	4,058	37,401	39.4	363	9.2
OVERALL AVERAGE	57	83	140	47	10	58	255	83	3,649	31,897	44.0	384	8.7

KENTUCKY ELECTRIC COOPERATIVES'  
OPERATING EXPENSE STATISTICAL COMPARISONS  
AVERAGE ANNUAL BASIS

COOPERATIVE NAME	DISTRIBUTION OPERATION PER MILE	DISTRIBUTION MAINTENANCE PER MILE	TOTAL OP. & MAINT. PER MILE	CONSUMER ACCOUNTING PER MILE	CONSUMER INFORMATION PER MILE	ADM. & GEN. EXPENSE PER MILE	TOTAL EXPENSE PER MILE	NUMBER OF EMPLOYEES	MILES OF LINE	RESIDENTIAL CONSUMERS BILLED	TOTAL RESIDENTIAL REVENUES	AVERAGE MONTHLY REST. REV
BIG SANDY RECC	525	887	1,412	575	137	1087	3,211	42	1,001	11,488	10,805,501	78.9
BLUE GRASS ENERGY COOP	321	727	1,048	355	135	609	2,147	114	5,847	47,406	45,288,606	79.6
CLARK ENERGY COOP	434	681	1,115	383	77	715	2,290	52	2,465	22,935	20,514,937	74.5
CUMBERLAND VALLEY ELECTRIC	445	721	1,166	346	59	415	1,986	43	2,479	23,018	19,027,748	65.3
FARMERS RECC	302	519	821	263	72	441	1,597	73	3,382	20,774	17,815,395	71.5
FLEMING-MASON ENERGY	271	767	1,038	304	33	344	1,719	51	3,346	16,992	15,570,174	77.7
GRAYSON RECC	231	892	1,123	293	56	424	1,896	42	2,377	13,632	13,058,736	79.9
INTER-COUNTY ENERGY	484	356	840	370	135	456	1,801	60	3,324	23,525	22,890,567	81.1
JACKSON ENERGY COOP	522	665	1,187	495	81	522	2,285	125	5,386	46,199	40,569,903	89.6
JACKSON ENERGY COOP	467	508	975	308	75	500	1,558	39	1,991	15,513	13,170,866	70.8
LICKING VALLEY RECC	912	809	1,721	697	256	778	3,452	90	2,763	26,622	28,419,952	79.6
LOWEN EC	722	659	1,381	597	105	492	2,575	113	4,771	47,506	42,640,828	74.2
SALT RIVER ELECTRIC	547	558	1,105	447	100	592	2,244	81	3,572	37,446	36,031,040	80.2
SHELBY ENERGY COOP	563	654	1,217	338	77	338	1,970	32	1,952	11,185	13,127,239	83.0
SOUTH KENTUCKY RECC	421	864	1,225	430	103	505	2,263	157	6,321	54,518	44,138,209	67.5
TAYLOR COUNTY RECC	436	375	811	245	31	375	1,462	55	3,038	26,774	18,004,463	72.2
EKPC GROUP AVERAGE	475	681	1,136	405	96	535	2,172	73	3,407	27,602	25,306,884	76.4
JACKSON PURCHASE ENERGY	348	835	1,183	339	70	479	2,071	73	3,142	24,817	22,574,806	75.8
KENERGY CORP	473	847	1,320	366	46	358	2,090	164	6,801	44,967	41,050,077	76.0
MEADE COUNTY RECC	489	688	1,177	408	72	371	2,028	59	2,821	23,621	18,213,337	64.3
BIG RIVERS GROUP AVERAGE	437	790	1,227	371	63	403	2,064	99	4,255	31,135	27,269,407	73.0
HICKMAN-FULTON COUNTIES RECC	346	924	1,270	242	11	506	2,029	14	685	3,053	3,805,948	103.9
PENNYRILE RECC	628	513	1,141	433	80	416	2,070	123	4,977	34,877	38,718,311	92.5
TRI-COUNTY EMC	646	473	1,119	473	100	318	2,010	141	5,331	39,488	42,833,960	90.4
WARREN RECC	659	689	1,348	479	120	679	2,826	153	5,419	45,952	52,358,866	96.0
WEST KENTUCKY RECC	652	945	1,597	633	57	397	2,684	86	3,878	36,747	34,117,587	92.5
TVA GROUP AVERAGE	586	709	1,295	452	74	463	2,284	103	4,058	30,823	34,366,940	92.9
OVERALL AVERAGE	494	687	1,181	411	87	503	2,182	83	3,649	28,715	27,439,718	79.6